92-2241

A	AMBANC CORP	10Q	03-31-92
B	AMERICAN AIRCRAFT CORP	10Q	02-29-92
C	AMERIBANC INVESTORS GROUP	10Q	06-30-92
D	ALLIANCE WELL SERVICE INC	10Q	06-30-92
E	BARRETT RESOURCES CORP	10Q	06-30-92
F	BMC WEST CORP	10Q	03-28-92
G	CAL REP BANCORP INC	10Q	06-30-92
H	CITINATIONAL DEVELOPMENT TRUST	10Q	06-30-92
I	DEVCON INTERNATIONAL CORP	10Q	06-30-92
J	DYNAMIC HOMES INC	10Q	06-30-92
K	ESELCO INC	10Q	06-30-92
L	ESPERO ENERGY CORP	10Q	03-31-92
M	GATX CAPITAL CORP	10Q	06-30-92
N	GRANITE STATE BANKSHARES INC	10Q	06-30-92
O	INSURANCE INVESTORS & HOLDING CO	10Q	03-31-92
P	INTEGRATED DEVICE TECHNOLOGY INC	10Q	06-28-92
Q	J & J SNACK FOODS CORP	10Q	06-27-92
R	MULTIMEDIA INC	10Q	06-30-92
S	NUCORP INC	10Q	03-31-92
T	RESEARCH FRONTIERS INC	10Q	06-30-92
U	TRANSCONTINENTAL GAS PIPE LINE CORP	10Q	06-30-92
V	UNITED TELEVISION INC	10Q	06-30-92
W	DARCY CORP	10Q	09-30-91
X	UTILX CORP	10Q	06-30-92
Y	SELECTIVE INSURANCE GROUP INC	10Q	06-30-92

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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

A 92-2241

For Quarter Ended March 31, 1992

Commission File Number: 0-10710

AMBANC CORP.

(exact name of registrant as specified in its charter)

INDIANA	35-1525227
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer ID No.)
302 Main Street Vincennes, Indiana	47591
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code	(812) 882-3050

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes: X No: ____

(3)

716,178 common shares of stock were outstanding as of May 8, 1992.

Exhibit Index
on Page 16

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AMBANC CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollar amounts in thousands, except share data)

	March 31, 1992 (Unaudited)	December 31 1991 (Unaudited)
ASSETS		
Cash and due from banks	$ 10,838	$ 10,397
Federal funds sold	8,812	15,800
Total cash and cash equivalents	19,650	26,197
Interest bearing deposits in other banks	2,672	1,800
Investment securities (market values of of $99,633 at March 31, 1992, and $94,089 at December 31, 1991	97,614	91,581
Loans held for sale	11,173	12,198
Total loans	197,787	200,562
Less: Unearned income	(217)	(269)
Less: Allowance for loan losses	(2,380)	(2,467)
Loans - net	195,190	197,826
Premises, furniture and equipment, net	4,716	4,738
Accrued interest receivable and other assets	4,230	4,505
TOTAL ASSETS	$ 335,245	$ 338,845
LIABILITIES AND SHAREHOLDERS' EQUITY		
Noninterest bearing deposits	$ 26,658	$ 31,614
Interest bearing deposits	274,146	272,240
Total deposits	300,804	303,854
Short-term borrowings	2,177	2,825
Long-term debt	--	460
Accrued interest payable and other liabilities	2,791	2,842
TOTAL LIABILITES	305,772	309,981
Preferred stock, $10 par value, 200,000 shares authorized, no shares issued or outstanding	--	--
Common stock, $10 par value, 1,000,000 shares authorized, 716,178 shares issued and outstanding at March 31, 1992 and December 31, 1991	7,162	7,162
Retained earnings	22,311	21,702
TOTAL SHAREHOLDERS' EQUITY	29,473	28,864
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 335,245	$ 338,845

CONSOLIDATED STATEMENTS OF INCOME

(Dollar amounts in thousands, except share data)
(Unaudited)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
Interest Income		
Interest and fees on loans	$ 4,602	$ 5,400
Interest and fees on loans held for sale	239	151
Interest on investment securities		
Taxable	1,428	1,565
Tax exempt	311	344
Other interest	119	308
Total Interest Income	6,699	7,768
Interest Expense		
Deposits	3,310	4,570
Short-term borrowings	18	61
Long-term debt	3	9
Total Interest Expense	3,331	4,640
Net Interest Income	3,368	3,128
Provision for loan losses	225	150
	3,143	2,978
Noninterest Income		
Fiduciary services	109	95
Service charges on deposit accounts	194	176
Other operating income	85	93
Total Other Income	388	364
Noninterest Expense		
Salaries and employees benefits	1,172	1,090
Occupancy - net of rental income	144	147
Equipment expenses	132	115
Data processing expenses	136	122
FDIC expense	168	148
Other operating expenses	486	516
Total Other Expense	2,238	2,138
Income before income taxes	1,293	1,204
Income taxes	398	335
Net Income	$ 895	$ 869
Earnings per common share (based on 716,178 shares in 1992 and 1991)	$ 1.25	$ 1.21

AMBANC CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollar amounts in thousands, except share data)
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 895	$ 869
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	173	161
Provision for loan losses	225	150
Net change in loans held for sale	1,025	(6,422)
Gain on sale of assets	--	(1)
Accrued interest receivable and other assets	275	72
Accrued interest payable and other liabilities	(51)	115
Deferred loan fees net of costs	(2)	45
Net cash from operating activities	2,540	(5,011)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investment securities	--	50
Proceeds from maturities of investment securities	9,707	13,010
Purchase of investment securities	(16,492)	(18,557)
Net change in interest bearing deposits in other banks	(872)	(129)
Loans made to customers, net of payments collected	(1,809)	8,804
Loans purchased from third parties	--	(100)
Proceeds from sales of loans	4,974	801
Property and equipment expenditures	(151)	(58)
Net cash from investing activities	(4,643)	3,821
CASH FLOWS FROM FINANCING ACTIVIES		
Net change in demand deposits, NOW accounts and savings accounts	2,177	(16,664)
Net change in certificates of deposit	(5,227)	9,135
Net change in short-term borrowings	(648)	(1,381)
Net change in federal funds purchased	--	(400)
Payments on long-term debt	(460)	--
Dividends paid	(286)	(264)
Net cash from financing activities	(4,444)	(9,574)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,547)	(10,764)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	26,197	34,121
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 19,650	$ 23,357
Supplemental disclosures of cash flow information cash paid during the period ended March 31:		
Interest	$ 3,118	$ 4,684
Income taxes	--	--

ITEM 1.

CONSOLIDATED FINANCIAL STATEMENTS

On January 1, 1992, AMBANC Corp. completed the acquisition of the Patoka National Bank, Patoka, Indiana (PNB). The acquisition, which has been accounted for as a pooling of interest, involved the issuance of 54,000 shares of AMBANC Corp. common stock in exchange for the 18,000 outstanding shares of PNB. The acquisition was effected by the merger of PNB into The American National Bank of Vincennes(ANB), a wholly owned bank subsidiary, resulting in the former Princeton and Patoka locations of PNB becoming Branch locations of ANB. The following is presented to show the pooling of interest for the audited AMBANC Corp. balance sheet and PNB balance sheet consolidated as of December 31, 1991. The March 31, 1991, statements of income and statements of cash flow represent the combining of information for PNB and the previous AMBANC Corp.

CONSOLIDATED BALANCE SHEETS

(Dollar amounts in thousands, except share data)

	December 31 1991 (Audited)	Patoka December 31, 1991 (Unaudited)	Consolidated December 31, 1991 (Unaudited)
ASSETS			
Total cash and cash equivalents	$ 22,491	$ 3,706	$ 26,197
Interest bearing deposits in other banks	215	1,585	1,800
Investment securities	87,696	3,885	91,581
Loans held for sale	12,198	—	12,198
Loans – net	188,108	9,718	197,826
Accrued interest receivable and other assets	8,404	839	9,243
TOTAL ASSETS	$ 319,112	$ 19,733	$ 338,845
LIABILITIES AND SHAREHOLDERS' EQUITY			
Total deposits	$ 285,628	$ 18,226	$ 303,854
Accrued interest payable and other liabilities	5,945	182	6,127
TOTAL LIABILITES	291,573	18,408	309,981
TOTAL SHAREHOLDERS' EQUITY	27,539	1,325	28,864
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 319,112	$ 19,733	$ 338,845

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of and for the three months ended March 31, 1992
(Dollar amounts in thousands, except share data)
(Unaudited)

The Consolidated balance sheets as of March 31, 1992, consolidated statements of income for the three month period ended March 31, 1992 and 1991, and the consolidated statements of cash flows for the three month period ended March 31, 1992 and 1991, have been prepared by the Corporation, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in cash flows at March 31, 1992, and all periods presented, have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Corporation's December 31, 1991, annual report to shareholders. The results of operations for the period ended March 31, 1992, are not necessarily indicative of the operating results for the full year.

COMMITMENTS AND CONTINGENT LIABILITIES

Other than ordinary routine litigation incidental to the business, there are no material pending legal proceedings to which the Corporation or its subsidiaries are a party or of which any of their property is the subject.

SUBSEQUENT EVENT

At the annual meeting of shareholders on April 21, 1992, the shareholders approved a proposal to increase the number of authorized common shares of the Corporation from 1,000,000 to 5,000,000 shares. Effective with the approval of the Office of the Secretary of State of the State of Indiana on April 22, 1992, AMBANC Corp. now has 5,000,000 authorized shares of common stock.

AMBANC CORP. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

As of and for the three months ended March 31, 1992
(Dollar amounts in thousands, except share data)

ITEM 2.

RESULTS OF OPERATIONS

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991	Increase (Decrease)
Net Interest Income:			
Interest income	$ 6,699	$ 7,768	(13.76)%
Interest expense	3,331	4,640	(28.21)
Net interest income	$ 3,368	$ 3,128	7.67 %
Net income	$ 895	$ 869	2.99 %
Per share	$1.25	$1.21	

Net interest income increased $240 or 7.67% for the three months ended March 31, 1992, compared to the first three months in 1991. This $240 is a combination of a $1,069 decrease in interest income offset by a $1,309 reduction in interest expense. The $1,069 decrease in interest income is composed of a decrease of $63 due to decreased volume of average earning assets and a decrease of $1,006 due to decreased rates received on these earning assets. The $1,309 reduction in interest expense is a combination of a decrease of $68 due to decreased volume of average interest bearing liabilities and a decrease of $1,241 due to rate reductions on these interest bearing liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

As of and for the three months ended March 31, 1992
(Dollar amounts in thousands, except share data)

Average earning assets decreased from $318,059 for the three months ended March 31, 1991 to $315,111 for the three months ended March 31, 1992, for a decrease of $2,948 in average earning assets employed by the Corporation. Average interest bearing liabilities decrease from $275,590 for the three months ended March 31, 1991 to $270,035 for the three months ended March 31, 1992, for a decrease of $5,555 in average interest bearing liabilities. Noninterest bearing deposits averaged $29,000 for the three months ended March 31, 1992, which was a $657 increase from the average of $28,343 for the three months ended March 31, 1991.

Net interest margin increased .34% from 3.93% for the first three months of 1991 to 4.27% for the first three months of 1992. This increase is due to the cost on interest bearing deposits reducing faster than the yield received on interest bearing assets. Yields on loans and investments and cost of deposits, although not completely determined by the prime rate, are influenced by changes in the prime rate. The prime rate had decreased steadily during 1991 starting off at 10.00% and going down to 6.50% in December, 1991 where it also remained during the first quarter of 1992. The Corporation has historically had a higher percentage of interest bearing assets that reprice based upon changes in the prime rate than it has interest bearing liabilities that reprice with changes in prime. During the period of 1991, when prime was reducing, the Corporation also experienced customer demand for fixed rate installment and real estate loans because of the customers' demand to lock in loans at a reduced rate. The Corporation's yield on earning assets was at 9.77% during the first quarter of 1991 and reduced to 8.50% during the first quarter of 1992 for a year to year reduction of 1.27%. Also during 1991, the Corporation was able to reduce the cost of interest bearing liabilities because of reductions allowed by the lower prime rates. The historical lag time in the repricing of deposits has been passing during 1991 and the first quarter of 1992 and the cost of interest bearing liabilities has reduced from 6.73% for the first three months of 1991 to 4.93% for the first three months of

1992 for a 1.80% reduction in cost of deposits. Interest spread which is the difference between yield on interest earning assets and cost on interest bearing liabilities has increased to 3.57% during the first quarter of 1992 from 3.04% during the first quarter of 1991.

The provision for loan loss was $225 during the first three months of 1992 as compared to $150 during the first three months of 1991 for an increase of $75. The allowance for loan loss at March 31, 1992, was $2,380 or 1.20% of total loans less unearned. The adequacy of the allowance for loan loss is analyzed individually by management of each bank subsidiary based upon review of identified loans with more than normal degree of risk, historical loan loss percentage and present and forecasted economic conditions. Based upon management's analysis, the allowance for loan loss at March 31, 1992, is adequate to cover future possible loan losses.

Noninterest income for the three months ended March 31, 1992, was $388 as compared to $364 for the three months ended March 31, 1991, for an increase of 6.59% or $24. During 1992, Fiduciary services increased 14.74% or $14 and service charges on deposit accounts increased 10.23% or $18. Both of these increases were due to increased fee schedules. The $8 or 8.60% decrease in other noninterest income is due to many small increases and decreases with the major item being a decrease in insurance commission income.

Noninterest expense for the three months ended March 31, 1992, was $2,238 as compared to $2,138 for the three months ended March 31, 1991, for an increase of 4.68% or $100. Salaries and employee benefits increased $82 or 7.52% due to normal increases and timing differences of payments in 1992 over 1991. Without these timing differences, 1992 salary and benefits would have been $1,132 or an increase of only 3.85% or $42 from the first three months of 1991. Occupancy expense remained constant with only a $3 or 2.04% decrease in 1992 over 1991. Equipment expense increased $17 or 14.78% due to increases in depreciation expense and land rent due to the addition of equipment and a new ATM site in 1992. Data processing expenses increased $14 or 11.48% due to the added expense of converting the customer accounts of PNB to the ANB computer system. The $20 or 13.51% increase in FDIC expense is due to the increase in the deposit insurance rate in 1992 as compared to 1991. The $30 or 5.81% decrease in other operating expenses is due to many increases and decreases, with the major increases being supplies and advertising and decreases being professional fees, director fees, insurance and bank processing fees.

Income before income taxes was up $89 or 7.39% while income taxes increased $63 or 18.81%. Net income which was $895 for the first three months of 1992 compared to $869 for the first three months of 1991 and was up $26 or 2.99%. Earnings per share for the quarter ended March 31, 1992 were $1.25 compared to $1.21 during the same period in 1991.

FINANCIAL CONDITIONS

Total assets of $335,245 at March 31, 1992, indicate a decrease of $3,600 or 1.06% from December 31, 1991, total assets of $338,845. Significant changes in assets during the first quarter included a decrease of $6,547 or 24.99% in total cash and cash equivalents, an increase of $6,905 or 7.39% in investment securities and interest bearing deposits, a decrease of $1,025 or 8.40% in loans held for sale and a decrease of $2,723 or 1.36% in total loans less unearned. Loans held for sale decreased due to sales of real estate loans into the secondary market with ANB retaining the servicing. The loan decrease was composed of a $1,451 increase in commercial and agricultural loans offset by a $2,435 decrease in installment loans and a $1,739 decrease in real estate loans. The Corporation has seen a decrease in consumer loan demand, other than for fixed rate real estate loans which are reflected as loans held for sale, due to the present economic environment.

AMBANC CORP. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

As of and for the three months ended March 31, 1992
(Dollar amounts in thousands, except share data)

Total deposits decreased $3,050 or 1.00% during the first three months ended March 31, 1992. This decrease is a combination of a $4,956 or 15.68% decrease in noninterest bearing deposits and a $1,906 or .70% increase in interest bearing deposits during the three months. Noninterest bearing deposits are historically higher at year end due to containing temporary influxes of public deposits and tax assessments that are not in the March 31, 1992, balance.

Total shareholders' equity increased $609 or 2.11% for the three months ended March 31, 1992, to $29,473 from $28,864 at December 31, 1991. The increase in shareholders' equity was net income of $895 less dividends paid of $286. The capital ratios for the Corporation as of March 31, 1992 were a primary capital ratio of 9.43%, leverage capital ratio of 8.85%, Tier 1 risk based capital ratio of 12.73% and Tier 2 risk based capital ratio of 13.76%. Equity per share was at $41.15 at March 31, 1992, compared to $40.30 at December 31, 1991.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

11 Statement of Computation of per share earnings. The copy of this exhibit filed as Exhibit 11 to AMBANC's Annual Report on Form 10-K for the year ended December 31, 1991, is incorporated herein by reference.

(b) No reports on Form 8-K were filed or required to be filed during the first quarter of 1992.

AMBANC CORP. AND SUBSIDIARIES

As of and for the three months ended March 31, 1992

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMBANC CORP.
(Registrant)

DATE: May 8, 1992 BY: RWatson
Robert G. Watson, Chairman of the Board, President and Chief Executive Officer

DATE: May 8, 1992 BY: Richard E. Welling
Richard E. Welling, Secretary, Treasurer and C.F.O.

AMBANC CORP. AND SUBSIDIARIES

As of and for the three months ended March 31, 1992

EXHIBIT INDEX

EXHIBITS		PAGE
11	Statement of Computation of per share earnings. The copy of this exhibit filed as Exhibit 11 to AMBANC's Annual Report on Form 10-K for the year ended December 31, 1990, is incorporated herein by reference.	*

* Incorporated by reference from previously filed documents.

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED FEBRUARY 29, 1992.

Commission file number: 0-14693

B
92-2241

AMERICAN AIRCRAFT CORPORATION /OR/

(Exact name of registrant as specified in its charter)

OREGON
(State or other jurisdiction of incorporation of organization)

95-3034619
(I.R.S. Employer Identification No.)

3090 Airport Way, Long Beach, CA
(Address of Principal Executive Offices)

90806
(Zip Code)

(310) 595-0701
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES ______ NO __X__

As of August 28, 1992 there were outstanding 48,590,669 of common stock $.004 par value, of the registrant.

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ITEM 1: FINANCIAL STATEMENTS

AMERICAN AIRCRAFT CORPORATION
BALANCE SHEET

ASSETS

	Feb 29, 1992 Unaudited	Nov 30, 1991 Audited
Current Assets:		
Cash	$ 0	$ 7,848
Accounts Receivable	23,000	23,000
Inventory	2,884,485	2,637,388
Total Current Assets	2,907,485	2,668,236
Property Plant & Equipment at Cost	1,564,460	1,564,460
Less accumulated Depreciation	<723,797>	<669,130>
Total Property, Plant & Equipment	840,663	895,330
Intangible Assets:		
Investment in Moody Design Bureau	4,687,500	4,687,500
Less Accumulated Amortization	<878,906>	<878,906>
Total Intangible Assets	3,808,594	3,808,594
Investment and Other Assets:		
Deposits	98,698	98,510
Total Investment and Other Assets	98,696	98,510
Total Assets	$ 7,655,438	$ 7,470,670

AMERICAN AIRCRAFT CORPORATION
BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

	Feb 29, 1992 Unaudited	Nov 30, 1991 Audited
Current Liabilities:		
Bank Overdraft	$ 10,833	$ 0
Accounts Payable	348,242	448,132
Payroll Taxes Payable	817,782	889,758
Accrued Expenses	418,610	381,309
Loans Payable	8,950	11,350
Advances From Shareholders	5,769,551	5,212,556
Total Current Liabilities	7,373,968	6,943,105
Long Term Debt, Excluding Current Portion	0	0
Total Liabilities	7,373,968	6,943,105
Stockholders' Equity:		
Common Stock $.004 Par Value Authorized 50,000,000 Shares; issued and outstanding 48,590,669	194,362	194,362
Additional Paid in Capital	10,624,212	10,624,212
Accumulated Deficit	<10,537,104>	<10,291,009>
Total Stockholders' Equity	281,470	527,565
Total Liabilities and Stockholders' Equity	$ 7,655,438	$ 7,470,670

AMERICAN AIRCRAFT CORPORATION
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended Feb 29	
	1992	1991
Revenues	$ 0	$ 0
Operating Expenses:		
Research and Development	0	30,488
Other Operating Expenses	245,522	425,215
Total Operating Expenses	245,522	455,703
Net Profit (loss) from Operations	<245,522>	<455,703>
Financing Costs	573	0
Other Income	0	19,719
Profit (loss) Before Income Taxes and Nonrecurring Expenses	<246,095>	<435,984>
Income Taxes	0	0
Nonrecurring Expenses	0	650,000
Net Profit (loss)	$ <246,095>	$ <1,085,984>
Net Profit (loss) per share	$ <0.005>	$ <0.023>
Weighted Average of Shares Outstanding	48,590,660	46,730,908

AMERICAN AIRCRAFT CORPORATION
STATEMENT OF CASH FLOWS
(UNAUDITED)

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	Three Months Ended Feb 29 1992	Three Months Ended Feb 29 1991
Cash Flow From Operating Activities:		
Net Income (loss)	$ <246,095>	$ <1,085,984>
Adjustments to Reconcile Net Income to Cash		
Depreciation and Amortization	54,667	174,755
Common Stock Issued For Services and Fees	0	0
(Increase) Decrease in Accounts Receivable	0	<11,860>
(Increase) Decrease in Inventory	<247,097>	<331,132>
Increase (Decrease) in Accounts Payable	<99,890>	<15,813>
Increase (Decrease) in Payroll Taxes Payable	<71,976>	67,365
Increase (Decrease) in Accrued Expenses	37,301	<84,867>
Increase (Decrease) in Advances From Shareholders	556,995	1,308,445
Increase (Decrease) in Short Term Debt	<2,400>	<4,100>
Total Adjustments	227,600	1,102,793
Net Cash Provided by (used in) Operating Activities	<18,495>	16,809
Cash Flows From Investing Activities:		
Capital Expenditures	0	<2,000>
Deposits	<186>	0
Net Cash Used in Investing Activities	<186>	<2,000>
Cash Flows From Financing Activities:		
Proceeds From Issuance of Stock	0	0
Net Cash Provided From Financing Activities	0	0
Net Increase in Cash and Cash Equivalents	<18,681>	14,809
Cash and Cash Equivalents at Beginning of Period	7,848	<19,658>
Cash and Cash Equivalents at End of Period	$ <10,833>	$ <4,849>
Supplementary Schedule of Non-Cash Investing and Financing Activities		
No Transactions	$ 0	$ 0

For purposes of determining cash flows the company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents

AMERICAN AIRCRAFT CORPORATION
STATEMENT OF STOCKHOLDERS' EQUITY
QUARTER ENDED FEB 29, 1992
(UNAUDITED)

	Common Stock		Additional Paid-in Capital	Retained Earnings (Deficit)	Total Stockholders Equity
	Shares	$			
Balance at November 30, 1991	48,590,669	$ 194,362	$ 10,624,212	$ <10,291,009>	$ 527,565
Shares Issued During The Year For:					
Cash and Payments of Loans					
Services					
Net Profit (loss) For the Quarter Ended Feb 29, 1992				<246,095>	<246,095>
Balance at Feb 29, 1992	48,590,669	$ 194,362	$ 10,624,212	$ <10,537,104>	$ 281,470

See accompanying notes to the financial statements

AMERICAN AIRCRAFT CORPORATION
STATEMENT OF STOCKHOLDERS' EQUITY
QUARTER ENDED FEB 29, 1992
(UNAUDITED)

	Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Total Stockholders Equity
	Shares	$			
Balance at November 30, 1991	48,590,669	$ 194,362	$ 10,624,212	$ <10,291,009>	$ 527,565
Shares Issued During The Year For: Cash and Payments of Loans Services					
Net Profit (loss) For the Quarter Ended Feb 29, 1992				<246,095>	<246,095>
Balance at Feb 29, 1992	48,590,669	$ 194,362	$ 10,624,212	$ <10,537,104>	$ 281,470

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS
(Information as of February 29, 1992 is unaudited)

1. Background:

American Aircraft Corporation was established in October 1985, in Oregon under the name, West Tech Group, for the purpose of developing innovative products for the aircraft industry.

The Company has not generated significant revenues there is no assurance that commercially successful products will be developed and that the Company will achieve a profitable level of operations.

2. Summary of Significant Accounting Policies:

Revenue Recognition

Revenue from development agreements is recognized when all parties concur that the scientific results have been achieved.

Research and Development

All research and development costs are expensed as incurred.

Property and Depreciation

Property and equipment are stated at the lower of cost or market.

Depreciation is computed using the straight-line method with a 10 percent salvage value.

Loss Per Share

Net loss per common share is based upon the weighted average common shares outstanding during each period.

Interim Financial Statements

In the opinion of management of the Company, the unaudited financial statements for the three months then ended, as of February 29, 1992, include all adjustments, consisting of normal recurring accruals, necessary for a fair presentation. Operating results for the three-month period ended February 29, 1992 are not necessarily indicative of the results that may be expected for the year ending November 30, 1992.

These statements should be read in conjunction with the financial statements and notes thereto for the years ended November 30, 1991 and 1990.

3. Related Party Transactions

As of February 29, 1992 the Company was indebted to William F. Moody, Jr., President/Chief Executive Officer and Director of the Company in the aggregate amount of $3,154,694 representing cash loans of $464,800, deferred compensation of $270,371 and shares loaned to the Company valued at $2,419,523.

4. Income and Payroll Taxes

No income taxes are currently payable as the Company had no taxable income in 1991 and 1990, for financial statement purposes the Company has approximately $10,300,000 and $7,500,000 in federal net operating loss carry-forward at November 30, 1991 and 1990. It is estimated that the federal net operating loss carry forward for tax purposes at November 30, 1991 and 1990, are approximately $14,300,000 and $11,500,000 as the $4,000,000 net operating loss from Phalanx Organization Inc. at the acquisition date qualifies, with certain statutory restrictions, as a useable net operating loss carry-forward.

Therefore, the Company may offset future taxable income by the $14,300,000 in federal net operating loss carry-forward which expire in the year 2006.

The Company made its payroll tax deposits and other payment obligations incurred during the quarter ended February 29, 1992.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

The following discussion and analysis should be read in conjunction with the financial statements of Registrant at November 30, 1991, together with the financial statements (unaudited) that are attached hereto for the quarter ending February 28, 1992, which materials are on file with the Securities and Exchange Commission.

RESULTS OF OPERATIONS

a) For the comparable period in 1991, the Company reported gross revenues of $0.00 with a net operating loss of ($435,954). For the three month period ending February 28, 1992, the Company reported total operating revenues of $0.00, with a net loss of ($246,095). The effect of operations for the fiscal period ending February 28, 1992 is a net loss of $0.023 per share.

These losses are attributable to the continuing development of the Penetrator helicopter.

LIQUIDITY AND CAPITAL RESOURCES:

a) As previously discussed (see 10K dated November 30, 1991), management plans to increase the Company's authorized shares in order to have shares available to reimburse and repay loans of shares and for private placements of the Company's common stock. Discussions with potential investors are ongoing and preliminary agreements have been reached relative to private placements for proceeds of up to $25,000,000. During March 1992 the Company entered into agreements to sell 6,000,000 shares of common stock to overseas investors. These placements are anticipated to yield gross proceeds of $1,725,000 and net proceeds of $1,564,000 after commissions and sales expenses. As of March 31, 1992 $1,178,000 of such proceeds had been realized and used by the Company to pay accumulated current payroll taxes and operating expenses. The Company's principal internal source of liquidity is its Penetrator project consisting of remanufacturing the UH-1 Huey military helicopter. The pre-production prototype was completed in the fall of 1991 and test flights were conducted during December 1991. Upon the completion of minor modifications of the prototype and tooling, the project will be ready for the production phase. In this regard, the Company has been actively engaged in marketing remanufactured helicopters but no firm orders have yet been received. As of April 8, 1992 the Company entered into agreements with American Aircraft International (Amercin) for the exclusive marketing of AAC's Penetrator helicopter. Amercin is headed by Mr. John Papazian, who has over forty years experience in marketing in the aerospace industry with over twenty five years with Grumman.

The Company has set June 12, 1992 at 1:30 at the Long Beach Marriot Hotel as the time and date for the annual stock holders meeting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In January, 1989 the Company and its officers and directors were named as defendants in an action by William Craig in the circuit court of Broward County, Florida. The action alleges that the defendants conspired to defraud Mr. Craig by inducing him to transfer certain properties to the Company in 1987 in exchange for 9,000,000 shares of common stock of the Company and that the Company subsequently rescinded the transaction and canceled the shares. The Company has cross-complained against Mr. Craig (who is no longer represented by counsel and is no longer prosecuting the action) on the grounds, among others, that the Company was defrauded by Mr. Craig in the aforementioned transaction. Persons claiming to be bona fide purchasers of shares from Craig, which shares have been canceled by the Company, have joined in the action against the Company seeking to cause the Company to rescind such cancellation and recognize the validity of such shares. It is expected that the matter will be brought to trial in June, 1992. In the event that persons claiming to be bona fide purchasers prevail in the action, the Company could be obligated to rescind its cancellation of 2,731,058 shares of common stock. The Company believes that Mr. Craig hold certificates for approximately 800,000 shares which it has canceled.

ITEM 1. LEGAL PROCEEDINGS Cont'd

A company representative had his deposition taken in early April by Mr. Merhi and Mr. Dalati, persons claiming to be bona fide purchasers of shares from Craig, with a trial date set for Mid June of this year.

The Company is a defendant in other litigation based upon the cancellation of previously-issued shares, none of which it deems material.

ITEM 3. DEFAULT UPON SENIOR SECURITIES

NONE

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NONE

ITEM 5. OTHER INFORMATION

NONE

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits

No exhibits are required to be filed herewith pursuant to the instructions to this item.

b) No reports on Form 8-K have been filed during the quarter ended February 29, 1992

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

April 30, 1992

American Aircraft Corporation

BY:

William F. Moody, Jr.
President/CEO

BY:

Robert St. John
Corporate Secretary

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SECURITIES AND EXCHANGE COMMISSION

16 pp

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FORM 10-Q

C
92-2241

X Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

__ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For quarter ended June 30, 1992

Commission Number 0-5030

AMERIBANC INVESTORS GROUP

(Exact name of registrant as specified in its charter)

Maryland	52-0894635
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
7630 Little River Turnpike, Suite 900, Annandale, Virginia	22003
(Address of principal executive offices)	(Zip code)

(703) 658-2720
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Shares of beneficial interest $1.00 par value	6,341,232
(Class)	(Outstanding at August 11, 1992)

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

In the opinion of management of Ameribanc Investors Group ("Ameribanc"), the accompanying unaudited consolidated financial statements contain all adjustments, consisting of only normal recurring accruals, necessary for a fair presentation of Ameribanc's financial condition as of June 30, 1992 and December 31, 1991, and the results of its operations for the three- and six-month periods ended June 30, 1992 and 1991, and its cash flows for the six-month periods ended June 30, 1992 and 1991.

The accompanying unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although Ameribanc's management believes that the disclosures made are adequate to make the information presented not misleading. Reference is made to the detailed financial statement disclosures contained in the notes to consolidated financial statements included in Ameribanc's Annual Report on Form 10-K for the fiscal year ended December 31, 1991.

Throughout this document, Ameribanc's wholly-owned subsidiary, Ameribanc Savings Bank, F.S.B. and its consolidated subsidiaries are referred to as the "Bank."

AMERIBANC INVESTORS GROUP
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Unaudited)

	As of June 30, 1992	 December 31, 1991
	(In thousands)	
Assets:		
Cash on hand and in banks	$ 13,751	$ 7,428
Loans and securities held for sale, net	168,325	142,834
Investment securities (market value of $67,448 and $64,277, respectively)	66,613	63,050
Federal Home Loan Bank stock, at cost	10,270	7,480
Loans receivable, net	678,952	758,334
Mortgage-backed securities, net (market value of $28,847 and $30,564, respectively)	28,996	30,742
Investments in and advances to real estate joint ventures	5,278	5,260
Property held for and under development, net	21,022	16,966
Foreclosed property, net	105,257	81,169
Operating real estate properties	9,191	10,181
Premises and equipment, net	16,551	16,510
Accrued interest receivable	6,026	7,087
Other assets	26,631	22,943
Excess of purchase price over fair value of net assets acquired	15,725	17,120
Total Assets	$1,172,588	$1,187,104
Liabilities:		
Deposits	$ 866,099	$ 905,402
Advances from Federal Home Loan Bank of Atlanta	180,200	149,600
Securities sold under agreements to repurchase and other borrowings	63,352	70,178
Mortgage bonds payable on operating property	5,000	5,000
Borrowers' escrow deposits	4,613	2,734
Accrued interest payable	827	1,456
Other liabilities	12,791	12,048
Total Liabilities	1,132,882	1,146,418
Shareholders' Investment:		
6% Cumulative convertible redeemable preferred stock, $21 par value; unlimited shares authorized, 18,808 shares issued and outstanding	365	365
Shares of beneficial interest, $1 par value; unlimited shares authorized, 6,341,232 shares issued and outstanding	6,341	6,341
Additional paid-in surplus	42,526	42,526
Accumulated deficit	(9,526)	(8,546)
Total Shareholders' Investment	39,706	40,686
Total Liabilities and Shareholders' Investment	$1,172,588	$1,187,104

AMERIBANC INVESTORS GROUP
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1992	1991	1992	1991
	(In thousands except per share data)			
Interest Revenue:				
Real estate mortgage loans and mortgage-backed securities	$17,851	$ 20,110	$36,336	$ 40,503
Real estate construction loans	1,210	2,590	3,440	5,658
Other loans	575	835	1,185	1,676
Investments	974	1,618	1,936	2,917
Total Interest Revenue	20,610	25,153	42,897	50,754
Interest Expense:				
Deposits	10,963	16,882	23,309	34,585
Borrowings	3,117	3,581	6,366	7,078
Total Interest Expense	14,080	20,463	29,675	41,663
Net interest revenue	6,530	4,690	13,222	9,091
Provision for loan losses	388	12,193	8,389	13,759
Net Interest Revenue after Provision for Loan Losses	6,142	(7,503)	4,833	(4,668)
Other Revenue:				
Loan servicing fees	927	1,030	1,823	2,040
Service charges and other loan fees	966	896	1,934	1,661
Income (loss) from real estate joint ventures	22	(280)	55	(334)
Income from operating real estate properties	85	111	99	139
Gain on sale of loan servicing, net	3,201	3,420	3,264	3,420
Gain on sale of loans receivable	502	971	531	1,845
Gain on sale of real estate	1,574	--	1,674	--
Other	72	8	160	46
Total Other Revenue	7,349	6,156	9,540	8,817
Other Expense:				
Compensation and benefits	2,831	3,157	5,693	6,744
Occupancy	648	739	1,361	1,482
Furniture, fixtures and equipment	691	909	1,421	1,787
Deposit insurance premiums	509	554	1,026	1,109
Professional fees	209	120	428	250
Foreclosed property	1,574	4,410	2,097	4,855
Amortization of excess of purchase price over fair value of net assets acquired	402	413	811	826
Other	1,292	1,215	2,819	2,631
Total Other Expense	8,156	11,517	15,656	19,684
Income (loss) before provision (benefit) for taxes	5,335	(12,864)	(1,283)	(15,535)
Provision (benefit) for taxes	323	(4,445)	(315)	(5,202)
Net Income (Loss)	$ 5,012	$ (8,419)	$ (968)	$(10,333)
Earnings (Loss) Per Share	$0.79	$(1.33)	$(0.15)	$(1.63)

AMERIBANC INVESTORS GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
	1992	1991
	(In thousands)	
Cash flows from operating activities:		
Net loss	$ (968)	$ (10,333)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,169	1,422
Provision for deferred income taxes	622	(526)
Provision for losses	9,462	17,938
Amortization of purchase accounting adjustments	1,764	1,197
Accretion of loan fees	(1,302)	(986)
Deferred loan origination costs	(2,028)	(1,420)
Amortization of excess servicing rights	471	389
Interest funded through loan draws	(203)	(816)
Loss (gain) on sales of:		
Real estate	(1,674)	--
Loans and mortgage-backed securities	(531)	(1,845)
Loan servicing rights	(3,264)	(3,420)
Net (increase) decrease in:		
Accrued interest receivable	1,061	200
Other assets	(5,161)	(5,856)
Net (increase) decrease in:		
Accrued interest payable	(629)	(208)
Other liabilities	743	1,007
Collection of loan origination fees	5,181	4,934
Disbursements for origination of loans held for sale	(130,811)	(137,476)
Proceeds from sale of:		
Loans held for sale	18,725	54,194
Mortgage-backed securities held for sale	151,500	48,059
Net cash provided by (used in) operating activities	44,127	(33,546)
Cash flows from investing activities:		
Net change in short-term investments	(7,949)	(232)
Purchase of investment securities	(3,614)	(7,468)
Proceeds from maturities of investment securities	8,000	10,000
Net (increase) decrease in Federal Home Loan Bank stock	(2,790)	2,619
Disbursements for:		
Loan originations	(141,194)	(110,636)
Loan purchases	(17,803)	(22,777)
Principal repayments of loans receivable	65,450	52,911
Principal repayments of mortgage-backed securities	4,926	7,536
Proceeds from sale of:		
Loans receivable	75,239	109,748
Loan servicing rights	4,402	3,420
Property held for and under development	203	--
Foreclosed property	7,926	234
Net purchases of premises and equipment	(438)	(1,165)
Disbursements for:		
Property held for and under development	(4,119)	(2,806)
Foreclosed property	(4,959)	(1,006)
Other, net	(7,422)	(136)
Net cash provided by (used in) investing activities	(24,142)	40,242

AMERIBANC INVESTORS GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued
(Unaudited)

	For the Six Months Ended June 30, 1992	For the Six Months Ended June 30, 1991
	(In thousands)	
Cash flows from financing activities:		
Net change in deposits	$ (39,303)	$ (13,399)
Advances from FHLB of Atlanta	373,508	90,400
Repayment of advances from FHLB of Atlanta	(342,908)	(101,100)
Net change in securities sold under agreements to repurchase and other borrowings	(6,826)	14,340
Change in borrowers' escrow deposits	1,879	1,328
Cash dividends	(12)	(12)
Net cash used in financing activities	(13,662)	(8,443)
Net change in cash on hand and in banks	6,323	(1,747)
Cash on hand and in banks, beginning of period	7,428	10,473
Cash on hand and in banks, end of period	$ 13,751	$ 8,726
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest expense (net of amounts capitalized)	$ 30,304	$ 41,870
Income taxes	--	--
Noncash investing activities:		
Additions to:		
Foreclosed property	38,427	39,300
Loan originations from sale of foreclosed property	8,706	8,673
Mortgage-backed securities from the securitization of loans	180,186	110,464

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Second Quarter Results

Ameribanc reported net income of $5.0 million ($0.79 per share) for the quarter ended June 30, 1992 compared to a loss of $8.4 million ($1.33 per share) for the year earlier quarter. In addition to pretax earnings from operations, second quarter earnings included gains on sales of: loan servicing rights of $3.2 million, real estate of $1.6 million and residential mortgage loans of $0.5 million. Also recorded in the second quarter was $1.5 million in provisions for loan losses and writedowns of troubled assets. These items were anticipated in the revised capital restoration plan (the "Revised Plan" -- see page 9). The second quarter profit offset a substantial portion of the first quarter loss, lowering the year-to-date loss to $1.0 million ($0.15 per share) compared to a loss of $10.3 million ($1.63 per share) for the first six months of 1991. The 1992 year-to-date loss is primarily the result of writedowns of foreclosed property and general reserve provisions totaling $9.5 million, most of which occurred in the first quarter. Similar writedowns for the first two quarters of 1991 totaled $17.6 million.

Operating income continues to improve, increasing during the quarter to $1.9 million from $1.7 million in the first quarter of 1992 and a loss of $0.5 million in the second quarter of 1991. Operating income is defined for this purpose as pretax income adjusted for certain items which do not regularly occur such as significant asset writedowns, gains and losses on the sale of assets, and gains on the sale of loan servicing rights; and income and expense from activities which are not directly related to Ameribanc's primary operations. The improvement is due largely to the favorable interest rate environment, control of operating expenses and a program to increase fee income. To protect Ameribanc if short-term interest rates rise, management continues to extend the terms of the Bank's borrowings. Anticipated future declines in the level of nonearning assets will also have a favorable impact on core earnings.

Net Interest Income

A rate-volume analysis of the change in net interest revenue and a net interest earnings analysis comparing the three- and six-month periods ended June 30, 1992 and 1991 (for Ameribanc Savings Bank only) are presented below. The decline in market interest rates has resulted in an improvement in the interest margin to 2.78% from 1.70% for the three-month periods and to 2.73% from 1.68% for the six-month periods ended June 30, 1992 and 1991. This more favorable interest rate environment resulted in increased net interest revenue of $3.2 million and $6.3 million for the three- and six-month periods, respectively. Additionally, Ameribanc's interest rate risk, as measured by the negative one-year cumulative gap, has improved to 14% as of June 30, 1992 from 17% as of December 31, 1991. The gap position is the ratio of interest sensitive assets to interest sensitive liabilities within specified time frames. This improvement puts Ameribanc in a better position to maintain the interest margin in the event of changes in market interest rates.

Rate/Volume Analysis

	For the Three Months Ended June 30, 1992 vs. 1991			For the Six Months Ended June 30, 1992 vs. 1991		
	Volume	Rate	Net	Volume	Rate	Net
	(In thousands)					
Interest-earning assets						
Residential permanent	$ 875	$(1,089)	$ (214)	$ 1,389	$(2,269)	$ (880)
Commercial permanent	(361)	(222)	(583)	(601)	(600)	(1,201)
Construction	(1,516)	136	(1,380)	(2,917)	699	(2,218)
Other loans	(135)	(126)	(261)	(237)	(254)	(491)
Mortgage-backed securities	(1,260)	(183)	(1,443)	(1,465)	(571)	(2,036)
Investments	(526)	(120)	(646)	(725)	(257)	(982)
Total interest revenue	(2,923)	(1,604)	(4,527)	(4,556)	(3,252)	(7,808)
Interest-bearing liabilities						
Certificates of Deposit:						
Regular	(1,914)	(2,578)	(4,492)	(3,152)	(4,810)	(7,962)
Jumbo	(346)	(463)	(809)	(1,171)	(909)	(2,080)
Transaction accounts	320	(942)	(622)	675	(1,914)	(1,239)
Borrowings	307	(819)	(512)	1,256	(1,967)	(711)
Total interest expense	(1,633)	(4,802)	(6,435)	(2,392)	(9,600)	(11,992)
Change in net interest revenue	$(1,290)	$ 3,198	$ 1,908	$(2,164)	$ 6,348	$ 4,184

Net Interest Earnings Analysis
($ In thousands)

	For the Three Months Ended					
	June 30, 1992			June 30, 1991		
	Avg. Bal.	Interest	Yld/Rate	Avg. Bal.	Interest	Yld/Rate
Interest-earning assets:						
Residential permanent (1)(2)	$ 551,301	$12,187	8.84 %	$ 513,227	$12,401	9.67 %
Commercial permanent (1)	178,310	4,089	9.17	193,537	4,672	9.66
Construction (1)	60,320	1,210	8.02	143,852	2,590	7.20
Other loans (1)	25,879	576	8.90	31,396	837	10.66
Mortgage-backed securities (2)	83,666	1,571	7.51	145,090	3,014	8.31
Investments	56,723	972	6.85	84,808	1,618	7.63
Total	956,199	20,605	8.62	1,111,910	25,132	9.04
Noninterest-earning assets	206,408			138,581		
Total assets	$1,162,607			$1,250,491		
Interest-bearing liabilities:						
Certificates of deposit:						
Regular	$ 543,499	8,320	6.12	$ 655,334	12,812	7.76
Jumbo	57,417	639	4.45	82,334	1,448	6.98
Transaction accounts (1)	264,389	2,018	3.05	226,650	2,640	4.62
Borrowings	238,038	2,994	5.03	215,268	3,506	6.46
Total	1,103,343	13,971	5.06	1,179,586	20,406	6.86
Noninterest-bearing liabilities	24,644			24,887		
Total liabilities	1,127,987			1,204,473		
Shareholder's investment	34,620			46,018		
Total liabilities and shareholder's investment	$1,162,607			$1,250,491		
Net interest income		$ 6,634			$ 4,726	
Net interest spread			3.56 %			2.18 %
Net interest margin			2.78 %			1.70 %
Interest-earning/bearing (3)			83.84 %			89.62 %

(1) Includes nonaccrual loans and noninterest-bearing deposits.
(2) Includes loans or mortgage-backed securities held for sale.
(3) Excluded nonaccrual loans and noninterest-bearing deposits.

Net Interest Earnings Analysis
($ in thousands)

	For the Six Months Ended					
	June 30, 1992			June 30, 1991		
	Avg. Bal.	Interest	Yld/Rate	Avg. Bal.	Interest	Yld/Rate
Interest-earning assets:						
Residential permanent (1)(2)	$ 539,309	$24,126	8.95 %	$ 509,325	$25,006	9.82 %
Commercial permanent (1)	179,948	8,309	9.23	192,524	9,510	9.88
Construction (1)	77,382	3,440	8.89	154,600	5,658	7.32
Other loans (1)	26,528	1,185	8.93	31,373	1,676	10.68
Mortgage-backed securities (2)	105,714	3,896	7.37	141,966	5,932	8.36
Investments	54,872	1,935	7.05	73,728	2,917	7.91
Total	983,753	42,891	8.72	1,103,516	50,699	9.19
Noninterest-earning assets	194,439			132,344		
Total assets	$1,178,192			$1,235,860		
Interest-bearing liabilities:						
Certificates of deposit:						
Regular	$ 565,654	18,014	6.37	$ 655,926	25,976	7.99
Jumbo	51,507	1,207	4.69	89,326	3,287	7.42
Transaction accounts (1)	258,029	4,119	3.19	220,116	5,358	4.91
Borrowings	244,701	6,118	5.00	199,938	6,829	6.89
Total	1,119,891	29,458	5.26	1,165,306	41,450	7.17
Noninterest-bearing liabilities	21,829			23,669		
Total liabilities	1,141,720			1,188,975		
Shareholders' investment	36,472			46,885		
Total liabilities and shareholders's investment	$1,178,192			$1,235,860		
Net interest income		$13,433			$ 9,249	
Net interest spread			3.46 %			2.02 %
Net interest margin			2.73 %			1.68 %
Interest-earning/bearing (3)			85.08 %			89.77 %

(1) Includes nonaccrual loans and noninterest-bearing deposits.
(2) Includes loans or mortgage-backed securities held for sale.
(3) Excluded nonaccrual loans and noninterest-bearing deposits.

Equity Offering
On July 21, 1992, Ameribanc filed a registration statement with the Securities and Exchange Commission (the "SEC") for the issuance of transferable subscription rights to existing shareholders for the purchase of up to 25,364,928 additional shares.* Any shares not sold pursuant to the rights offering are to be made available to the public. The offering will be contingent upon receiving subscriptions for a minimum of 75% of the shares offered.

The net proceeds of the offering would be substantially downstreamed to the Bank in accordance with the Revised Plan to achieve compliance with regulatory capital requirements. The consummation of the minimum offering by September 30, 1992, would enable the Bank to exceed the interim capital requirements contained in the Capital Directive, which calls for compliance with the tangible capital requirement and a 4.0% core capital requirement by that date. The timing of the offering is contingent upon the completion of the SEC's review of the registration statement, although management is hopeful that the offering can be commenced by the end of the third quarter. It is not clear what action, if any, the OTS would take if the Bank does not meet the interim capital requirements on September 30, 1992.

Regulatory Capital
As a result of the unanticipated losses in the first quarter, management filed the Revised Plan with the Office of Thrift Supervision (the "OTS") in June 1992. The Revised Plan was accepted by the OTS in July 1992 including a provision that the Bank attain a core capital ratio of 4.0% by September 30, 1992. A summary of the capital position of the Bank at June 30, 1992, and a comparison to the interim targets in the Revised Plan are presented below.

	Regulatory Requirement	Actual	Interim Plan Target
		($ In millions)	
Tangible	$17.1	$14.0	$13.7
	1.50 %	1.23 %	1.20 %
Core	$45.8	$29.2	$28.9
	4.00 %	2.55 %	2.52 %
Risk-based	$66.8	$41.6	$42.0
	7.20 %	4.48 %	4.31 %

Asset Quality
Nonearning assets decreased to $152.7 million at June 30, 1992 from $164.6 million at March 31, 1992. The decrease during the quarter was due to the sale of several parcels of residential real estate and signals continued improvement in this portion of Ameribanc's portfolio. As of June 30, 1992, the total exposure to nonearning residential foreclosed property and loans including land and developed lots totaled $53.4 million, of which $18.4 million of the foreclosed property, or 35%, was under contract for sale. These sales will be consummated in the coming quarters as builders take down lots for the construction of new homes. The commercial real estate market, as expected, has shown little significant improvement.

The following chart provides additional information regarding the composition of the Bank's loan-related risk elements.

---

* This quarterly report on Form 10-Q shall not constitute an offer to sell or the solicitation of an offer to buy these securities. A registration statement relating to the planned issuance has been filed with the SEC but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective.

The following chart provides additional information regarding the composition of the Bank's loan-related risk elements.

Loan-Related Risk Elements

	June 30, 1992	March 31, 1992	December 31, 1991	June 30, 1991
		($ In thousands)		
Nonaccrual loans, net (1)	$ 46,968	$ 51,340	$ 49,052	$ 67,230
Foreclosed property	105,850	113,297	82,762	67,143
Total nonearning assets	152,818	164,637	131,814	134,373
Accruing loans greater than 90 days past due	3,356	2,516	3,459	14,412
Restructured loans, net	27,157	30,291	66,809	51,136
Total loan-related risk elements	$183,331	$197,444	$202,082	$199,921
Percentage of total assets	15.6 %	16.8 %	17.0 %	16.6 %

(1) Includes restructured loans that are nonaccrual.

A breakdown of loan-related risk elements by property type as of June 30, 1992 follows.

	Nonaccrual Loans			Foreclosed Property	> 90 Days Past Due	Restr. Loans	Total Risk Elements	Total Loan/REO Portfolio	Percent of Risk Elements to Total
	Const.	Comm'l	Res.						
					($ In thousands)				
Land development	$15,532	$ --	$ --	$ 34,949	$ 711	$ 6,169	$ 57,361	$ 66,520	86.2%
R & D warehouse	2,066	--	--	20,405	--	2,665	25,136	46,606	53.9
Residential	--	1,294	8,114	18,941	1,583	6,319	36,251	483,607	7.5
Office building	2,596	1,976	--	20,785	--	5,566	30,923	67,630	45.7
Hotel/motel	--	3,527	--	4,084	--	3,546	11,157	32,735	34.1
Shopping center	--	1,871	--	6,686	--	515	9,072	44,173	20.5
Assisted care facilities	--	8,592	--	--	--	--	8,592	8,592	100.0
Other	1,400	--	--	--	1,062	2,377	4,839	55,549	8.7
	$21,594	$17,260	$8,114	$105,850	$3,356	$27,157	$183,331	$805,412	22.8%

Foregone interest income on nonaccrual and restructured loans and on foreclosed property totaled $4.6 million for the second quarter of 1992 bringing the year-to-date total to $8.4 million. Foregone interest for the first six months of 1991 was $9.6 million.

An analysis of the changes in the reserves for losses is presented below.

Analysis of Reserves for Losses

	Loans	Property Held For and Under Development	Foreclosed Property	Total
	(In thousands)			
Balance, December 31, 1991	$16,532	$ 605	$ 1,593	$ 18,730
Charge-offs	(8,820)	(609)	(800)	(10,229)
Recoveries	630	–	–	630
Net charge-offs	(8,190)	(609)	(800)	(9,599)
Provision	8,001	4	–	8,005
Balance, March 31, 1992	16,343	–	793	17,136
Charge-offs	(593)	–	(1,270)	(1,863)
Recoveries	249	–	–	249
Net charge-offs	(344)	–	(1,270)	(1,614)
Provision	388	–	1,070	1,458
Balance June 30, 1992	$16,387	$ –	$ 593	$ 16,980

Mortgage Banking Activity

The volume of mortgage loan originations resulting from home sales remained relatively constant between the first and second quarters of 1992. The level of homeowner refinancings, however, slowed considerably in the Spring reflecting the higher interest rates during April and May. During the second quarter, Ameribanc originated and sold approximately $130 million of mortgage loans. Management expects the residential market to improve in the third quarter as a result of recent significant declines in mortgage interest rates.

During the quarter, $225 million of loan servicing rights were sold resulting in a pretax gain of $3.2 million. Similar annual bulk sales of servicing rights are included in the Revised Plan. The portfolio of loans serviced for others is continually replenished with new loans originated and subsequently sold through whole loan sales and securitizations, and is expected to reach $870 million by yearend 1992, up from $798 million as of June 30, 1992. Loan servicing fees for the second half of 1992 are expected to be reduced by approximately $400,000 due to the net impact of the servicing sale and additions to the servicing portfolio.

Interest income earned on the residential mortgage loan and mortgage-backed securities portfolio decreased $1.7 million in the current quarter compared to the year earlier period. The majority of the decrease relates to a negative rate variance resulting from a lower level of interest rates, high prepayment rates and the restructuring of the fixed-rate mortgage-backed securities portfolio which occured around yearend 1991.

Retail Banking Activity

Total deposits remained relatively flat during the quarter; however, the decline in long-term time deposits continued as investors continue to seek higher yields elsewhere. These funds were replaced with short-term time deposits and transaction accounts. Total deposits decreased $39 million from year end 1991 as a result of the sale of two branches and investors seeking higher yields on debt and equity investments. Management has been actively repricing the Bank's deposit products downward, mirroring the decline in overall market interest rates. This strategy, which was begun in the latter part of 1991, continues to have a positive impact on earnings.

As indicated on the Rate/Volume Analysis above, interest expense on certificates of deposit decreased $5.3 million between the second quarter of 1991 and 1992 due to the lower interest rate environment and the withdrawal of funds for alternative investment vehicles. The decrease in certificate accounts was offset by increases in transaction accounts and borrowings. However, because of the lower rate environment and aggressive pricing strategies, total interest expense relating to these two items still decreased by $1.1 million between the second quarter of 1991 and 1992.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

a. Exhibits

Attached as Exhibit 11 is the Statement of Computation of Earnings per Share for the six months ended June 30, 1992.

b. Reports on Form 8-K

Reports on Form 8-K filed during the second quarter of 1992 through the date of this report are set forth below.

On July 20, 1992, Ameribanc announced earnings for the quarter ended June 30, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REGISTRANT: Ameribanc Investors Group

/s/ John J. Houseman

John J. Houseman
Chief Executive Officer

/s/ David W. Campbell

David W. Campbell
Executive Vice President

/s/ Richard T. Carter

Richard T. Carter
Chief Financial Officer

August 12, 1992

EXHIBIT 11

AMERIBANC INVESTORS GROUP
Statement of the Computation of
Earnings per Share
For the Nine Months Ended June 30, 1992
(Unaudited)

Adjusted Net Loss:		
Net loss		$(967,998)
Dividends on preferred stock		(11,850)
Total adjusted loss	(I)	$(979,848)
Total adjusted shares outstanding	(II)	6,341,232
Loss per share (I divided by II)		$(0.15)

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

D
92-2241

For Quarter Ended June 30, 1992 Commission File No. 0-13407

ALLIANCE WELL SERVICE, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

76-0096223
(I.R.S. Employer Identification No.)

P. O. Box 11050, Liberty, Texas
(Address of principal executive office)

77575
(Zip Code)

(409) 336-8831
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ____

There were 12,740,823 shares of Common Stock $.01 par value, of the registrant outstanding as of August 13, 1992.

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PART I
FINANCIAL INFORMATION

Item 1 - Financial Statements

ALLIANCE WELL SERVICE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS	June 30, 1992	December 31, 1991
Current Assets:		
Cash and cash equivalents	$ 684,000	$ 981,000
Accounts receivable, less allowance for doubtful accounts of $94,000 and $92,000, respectively	46,000	118,000
Prepaid expenses	7,000	7,000
Total Current Assets	737,000	1,106,000
Property and Equipment:		
Property and equipment	533,000	597,000
Less accumulated depreciation	(125,000)	(167,000)
Net Property and Equipment	408,000	430,000
Other Assets	283,000	281,000
	$1,428,000	$1,817,000

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 1992	December 31, 1991
Current Liabilities:		
Accounts payable	$ 20,000	$ 60,000
Accrued liabilities	286,000	209,000
Income taxes payable	-	-
Total Current Liabilities	306,000	269,000
Stockholders' Equity:		
Common stock, $.01 par--60,000,000 shares authorized, 12,765,823 issued	128,000	128,000
Additional paid-in capital	1,436,000	1,436,000
Retained earnings (deficit) since elimination of deficit of $17,525,000 at September 30, 1984 and $37,418,000 at October 6, 1987	(434,000)	(8,000)
Less treasury stock - 25,000 shares	(8,000)	(8,000)
Total Stockholders' Equity	1,122,000	1,548,000
	$1,428,000	$1,817,000

The accompanying notes are an integral part of these statements.

ALLIANCE WELL SERVICE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF LOSS
(Unaudited)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1992	1991	1992	1991
Well Servicing Revenues	$ -	$644,000	$ -	$1,611,000
Other Income	15,000	75,000	35,000	79,000
	15,000	719,000	35,000	1,690,000
Costs and Expenses:				
Operating expenses	2,000	619,000	7,000	1,493,000
Depreciation	6,000	44,000	14,000	106,000
General and administrative	64,000	102,000	130,000	187,000
Interest	-	3,000	4,000	6,000
Other expenses	5,000	-	306,000	-
	77,000	768,000	461,000	1,792,000
Income (Loss) Before Taxes	(62,000)	(49,000)	(426,000)	(102,000)
Provision for income taxes	-	-	-	-
Net Loss	$(62,000)	$(49,000)	$(426,000)	$ (102,000)
Net Loss Per Share	$ -	$ -	$ (.03)	$ (.01)

The accompanying notes are an integral part of these statements.

ALLIANCE WELL SERVICE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	SIX MONTHS ENDED JUNE 30	
	1992	1991
OPERATING ACTIVITIES		
Net loss	$(426,000)	$ (102,000)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	14,000	106,000
Provision for losses on receivables	(2,000)	-
Loss(Gain) on sale of property and equipment	(2,000)	(76,000)
Changes in operating assets and liabilities:		
(Increase) Decrease in: accounts receivable	74,000	89,000
prepaid expenses	-	72,000
other assets	(2,000)	(1,000)
Increase (Decrease) in: accounts payable	(40,000)	18,000
accrued liabilities	77,000	(79,000)
income taxes payable	-	-
Net Cash Provided by Operating Activities	(307,000)	27,000
INVESTING ACTIVITIES		
Purchases of equipment	-	(12,000)
Proceeds from sale of property and equipment	10,000	953,000
Net Cash Provided by Investing Activities	10,000	941,000
FINANCING ACTIVITIES		
Principal payments on long-term debt	-	(10,000)
Purchase of common stock	-	(86,000)
Net Cash Used in Financing Activities	-	(96,000)
Increase (Decrease) in Cash and Cash Equivalents	(297,000)	872,000
Cash and Cash Equivalents at Beginning of Period	981,000	305,000
Cash and Cash Equivalents at End of Period	$ 684,000	$1,177,000

The accompanying notes are an integral part of these statements.

ALLIANCE WELL SERVICE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 - Unaudited Financial Statements

The consolidated financial statements included herein have been prepared by Alliance Well Service, Inc. (the Company), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission and in accordance with generally accepted accounting principles and, in the opinion of management, the information furnished reflects all adjustments which are necessary for a fair statement of the results of operations for the interim periods presented.

It is recommended that these statements be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1991.

Note 2 - Income Taxes

As of December 31, 1991, the Company had net operating loss carryforwards for federal income tax purposes of approximately $57,000,000 which, if not utilized, will expire in 1998 through 2006. In addition, the Company had investment and new jobs tax credit carryforwards aggregating approximately $2,300,000 which expire from 1994 through 2001.

No deferred taxes have been provided for timing differences between income computed for federal income tax and financial reporting purposes due to net operating loss, investment tax credit and new jobs tax credit carryforwards. To the extent such carryforwards are used to reduce federal income taxes payable in future years, the portion of deferred taxes eliminated will be restored.

Note 3 - Loss Per Share

The weighted average number of common shares outstanding used in computing per share amounts for each of the indicated periods is as follows:

	Shares
Three months ended June 30, 1992	12,740,823
Three months ended June 30, 1991	12,740,823
Six months ended June 30, 1992	12,933,323
Six months ended June 30, 1991	13,229,835

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Recent Developments

On May 28, 1991, following stockholder approval, the Company sold sustantially all of its operating assets to Pride Petroleum Services, Inc. The Company has been investing the net cash proceeds in certificates of deposit and other interest bearing accounts until such time as the Company acquires an interest in or begins another business. During this period of time, the Company's only income will be from interest income on such bank deposits.

In April, 1992, a New Mexico jury returned a verdict against Alliance Well Service, dba Monument Well Service, and Kenco Oil Tools for negligence as a result of both companies performing work on the wrong gas well in April, 1989. The operator of the well alleged significant damage, while experts hired by the defendants attested to minimal damage in the range of $30,000 to $50,000. The jury, in a 10 to 2 vote, entered a judgement for damages of $265,000 against Alliance and $177,000 against Kenco. In connection with this verdict, Alliance has recorded a $300,000 charge as of March 31, 1992. Management of Alliance does not believe that the judgement is warranted and expects to file an appeal.

Results of Operations

Three Months Ended June 30, 1992
Compared to Three Months Ended June 30, 1991

The Company experienced a 100% decline in operating revenues for the three months ended June 30, 1992 compared to the same period in 1991 as a result of selling the Company's last rigs and operating yard on May 28, 1991. Operating expenses were down 99%.

Depreciation expense decreased by $38,000 or 86% reflecting the sale of operating equipment on May 28, 1991.

General and administrative expenses were down 37% reflecting reductions in personnel and some other cost cutting.

Six Months Ended June 30, 1992
Compared to Six Months Ended June, 1991

The Company experienced a 100% decline in operating revenues for the six months ended June 30, 1992 compared to the same period in 1991 as a result of selling the Company's last rigs and operating yard on May 28, 1991. Operating expenses were down 99%.

Depreciation expense decreased by $92,000 or 87% reflecting the sale of operating equipment on May 28, 1991.

General and administrative expenses were down 30% reflecting reductions in personnel and some other cost cutting.

Other expenses reflect a $300,000 charge for a recent lawsuit judgement (see Recent Developments above).

Liquidity and Capital Resources

At June 30, 1992, the Company had $431,000 in working capital, a current ratio of 2.4 to 1.0, and no long-term debt. The Company had unpledged real estate with a book value of $405,000 which the Company believes could be utilized to support borrowings, if needed.

The Company does not anticipate the expenditure of any significant funds for capital improvements in the foreseeable future. In the event that the Company is successful in its acquisition activity, the Company anticipates that any such acquisition could involve the incurrence and/or assumption by the Company of debt, in an amount which could be substantial.

PART II - OTHER INFORMATION

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Alliance Well Service, Inc.

Date: August 13, 1992

/S/ Gregory E. Fourticq
Gregory E. Fourticq
President

Date: August 13, 1992

/S/ Nelson R. Jones
Nelson R. Jones
Secretary and Treasurer
(Principal Financial and
Accounting Officer)

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended June 30, 1992

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from ____________ to ____________

Commission file number 0-9730

BARRETT RESOURCES CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	84-0832476
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1125 Seventeenth Street, Suite 2400, Denver, Colorado	80202
(Address of principal executive offices)	(Zip Code)

(303) 297-3900
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

There were 9,655,316 shares of the registrant's $.01 par value common stock outstanding as of August 7, 1992.

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BARRETT RESOURCES CORPORATION

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BARRETT RESOURCES CORPORATION

CONSOLIDATED CONDENSED BALANCE SHEETS

	June 30, 1992 (Unaudited)	September 30, 1991
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,068,000	$ 16,371,000
Short-term investments	2,500,000	2,500,000
Receivables	6,020,000	5,451,000
Other current assets	234,000	80,000
Total current assets	17,822,000	24,402,000
Property and equipment	34,032,000	30,544,000
Other assets	380,000	542,000
	$ 52,234,000	$ 55,488,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,525,000	$ 5,308,000
Amounts payable to oil and gas property owners	5,012,000	6,484,000
Accrued and other liabilities	944,000	1,082,000
Total current liabilities	9,481,000	12,874,000
Deferred income taxes payable	614,000	583,000
Stockholders' equity:		
Preferred stock, $.001 par value: 1,000,000 shares authorized, none outstanding	--	--
Common stock, $.01 par value: 12,000,000 shares authorized; 9,655,316 issued	97,000	99,000
Additional paid-in capital	39,651,000	40,521,000
Retained earnings	2,391,000	2,062,000
Stockholders' notes receivable	--	(651,000)
Total stockholders' equity	42,139,000	42,031,000
	$ 52,234,000	$ 55,488,000

See accompanying notes.

BARRETT RESOURCES CORPORATION

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(UNAUDITED)

	Three Months Ended	
	June 30, 1992	June 30, 1991
Revenues:		
Oil and gas production	$ 1,415,000	$ 1,155,000
Gas trading	3,171,000	1,333,000
Revenue from gas gathering	64,000	177,000
Interest income	132,000	307,000
Other income	(1,000)	1,000
	4,781,000	2,973,000
Operating expenses:		
Oil and gas production costs	356,000	309,000
Depreciation, depletion and amortization	719,000	565,000
Cost of gas trading	2,903,000	1,157,000
General and administrative, net	561,000	524,000
Interest expense	8,000	9,000
	4,547,000	2,564,000
Income for the period before income taxes	234,000	409,000
Provision for income taxes	23,000	32,000
Net income for the period	$ 211,000	$ 377,000
Net income per common share and common share equivalent	$ .02	$ .04
Weighted average common shares outstanding	9,654,437	9,896,037

See accompanying notes.

BARRETT RESOURCES CORPORATION

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(UNAUDITED)

	Nine Months Ended	
	June 30, 1992	June 30, 1991
Revenues:		
Oil and gas production	$ 4,590,000	$ 4,475,000
Gas trading	12,871,000	3,924,000
Revenue from gas gathering	206,000	452,000
Interest income	492,000	957,000
Other income	24,000	15,000
	18,183,000	9,823,000
Operating expenses:		
Oil and gas production costs	977,000	1,122,000
Depreciation, depletion and amortization	2,268,000	2,003,000
Reduction in carrying value of oil and gas properties	960,000	--
Cost of gas trading	12,002,000	3,498,000
General and administrative, net	1,566,000	1,516,000
Interest expense	23,000	24,000
	17,796,000	8,163,000
Income for the period before income taxes	387,000	1,660,000
Provision for income taxes	58,000	129,000
Net income for the period	$ 329,000	$ 1,531,000
Net income per common share and common share equivalent	$ .03	$ .15
Weighted average common shares outstanding	9,758,840	9,885,773

See accompanying notes.

BARRETT RESOURCES CORPORATION

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(UNAUDITED)

	Nine Months Ended	
	June 30, 1992	June 30, 1991
Revenues:		
Oil and gas production	$ 4,590,000	$ 4,475,000
Gas trading	12,871,000	3,924,000
Revenue from gas gathering	206,000	452,000
Interest income	492,000	957,000
Other income	24,000	15,000
	18,183,000	9,823,000
Operating expenses:		
Oil and gas production costs	977,000	1,122,000
Depreciation, depletion and amortization	2,268,000	2,003,000
Reduction in carrying value of oil and gas properties	960,000	--
Cost of gas trading	12,002,000	3,498,000
General and administrative, net	1,566,000	1,516,000
Interest expense	23,000	24,000
	17,796,000	8,163,000
Income for the period before income taxes	387,000	1,660,000
Provision for income taxes	58,000	129,000
Net income for the period	$ 329,000	$ 1,531,000
Net income per common share and common share equivalent	$ .03	$ .15
Weighted average common shares outstanding	9,758,840	9,885,773

See accompanying notes.

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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

As of June 30, 1992 total assets were $52.2 million, a decrease of $3.3 million from September 30, 1991. Working capital was $8.3 million and cash and short-term investments were $11.6 million, decreases of $3.2 million and $7.3 million, respectively. Working capital and cash and short-term investments decreased primarily due to amounts invested by the Company in property and equipment. These investments were partially offset by depreciation, depletion and amortization of $2.3 million and a $960,000 reduction in the carrying value of oil and gas properties recorded during the quarter ended March 31, 1992.

Cash flow from operations for the nine month period was $4.6 million compared to $2.9 million during the comparable 1991 period. This increase is primarily due to increases in accounts payable. Cash flow from operations before working capital changes was $3.7 million, virtually unchanged from the 1991 period.

During the nine month period the Company invested $9.6 million of its cash in property and equipment compared to $7.0 million during the comparable 1991 period. During the 1992 period, activity continued in the Washakie-Red Desert Basin of Wyoming, the Northeast Williston Basin of North Dakota and the Arkoma Basin of Oklahoma. As of June 30, 1992, the net book value of property and equipment was $34.0 million compared to $30.5 million as of June 30, 1991. This represents a net increase of $3.5 million after considering depletion, depreciation, amortization and the reduction in carrying value.

Compared to September 30, 1991, receivables as of June 30, 1992 increased $.6 million and amounts payable to oil and gas property owners decreased $1.5 million. The increase in accounts receivable is primarily due to increases in gas trading activities. The decrease in amounts payable to oil and gas property owners is the result of the annual payment of ad valorem taxes during the third quarter and in the reduction of prepayments received from working interest owners.

Management believes that the Company's current financial position, cash flow from operations and currently established borrowing base will be sufficient to fund its anticipated activities.

Results of Operations

During the quarter ended June 30, 1992 the Company reported net income of $211,000 ($.02 per share) compared to net income of $377,000 ($.04 per share) during the 1991 quarter. Net income for the nine months was $329,000 ($.03 per share) compared to $1,531,000 ($.15 per share) during the nine months ended June 30, 1991. The decrease for the quarter primarily resulted from decreased interest income. For the nine month period, the decrease is primarily due to the reduction in the carrying value of the Company's oil and gas properties and decreased interest income. Interest income decreased due to declining interest rates and a lower level of investments due to the Company investing in oil and gas properties.

Total revenues were $4.8 million for the quarter, a $1.8 million increase from 1991, and $18.2 million for the nine months, an $8.4 million increase from 1991. Gas trading revenue increased $1.8 million for the quarter and $8.9 million during the nine months. Operating expenses were $4.5 million for the quarter ($2.6 million in 1991) and $17.8 million for the nine months ($8.1 million in 1991.) Cost of gas trading increased $1.7 million for the quarter and $8.5 million for the nine months.

During the nine month period the Company sold 36,800 barrels of oil (23,900 barrels in 1991, an increase of 54 percent) at an average sales price of $18.50 per barrel and 2,468,000 mcf of gas (an 8.6 percent increase from last year's 2,273,000 mcf) at an average sales price of $1.58 per mcf. The average sales price during the nine months ended June 30, 1991 was $19.42 per barrel of oil and $1.80 per mcf of gas. The increased oil sales in 1992 are the result of increased production in the Washakie-Red Desert Basin.

During the quarter the Company sold 15,000 barrels of oil at an average sales price of $18.16 per barrel and 750,000 mcf of gas at an average sales price of $1.52 per mcf. During the quarter ended June 30, 1991 the Company sold 9,200 barrels of oil at an average price of $18.91 per barrel and 610,000 mcf of gas was sold for $1.62 per mcf.

For the quarter ended June 30, 1992, revenues from gas trading were $3.2 million compared to $1.3 million in 1991. The costs of gas trading increased to $2.9 million from $1.1 million. For the nine months ended June 30, 1992 and 1991, gas trading revenues were $12.9 million and $3.9 million respectively, while associated costs were $12.0 million and $3.5 million respectively. The gas trading volumes for the nine months are 7,150,000 mmbtu for 1992 compared to 3,085,000 mmbtu for 1991.

For the quarter ended June 30, 1992, depreciation, depletion and amortization increased 27 percent to $.7 million due to oil and gas production increases and additional depreciation of gas gathering systems and furniture, vehicles and equipment. During both the 1992 and 1991 quarters, depletion on oil and gas production was provided at $4.50 per BOE. For the nine month period, depreciation, depletion and amortization increased $.3 million or 13 percent from 1991.

During the fiscal year ended September 30, 1991, the Company adopted Statement of Financial Accounting Standards No. 96, "Accounting for Income Taxes," retroactively effective October 1, 1987, by restating the financial statements of prior periods. During the third quarter of fiscal 1992, the Company recorded $23,000 of estimated income taxes payable compared to a restated amount of $32,000 for the third quarter of fiscal 1991.

The Company's operating income is derived from sales of oil and gas. This is particularly true with respect to sales of natural gas, which accounts for approximately 90 percent of the Company's production revenues. Therefore, the level of the Company's revenues and earnings are affected by prices at which oil and natural gas are being sold. As a result, the Company's operating results for any prior period are not necessarily indicative of future operating results because of the fluctuations in oil and gas prices and the lack of predictability of those fluctuations. In addition, due to the declining nature of production from gas wells the Company will need to develop additional properties to maintain its productive capacity. Management believes that the Company will be able to initiate programs to replace production declines and increase its productive capacity.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) There are no exhibits filed as part of this report.

(b) There were no reports on Form 8-K filed during the quarter ended June 30, 1992.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BARRETT RESOURCES CORPORATION

August 13, 1992

By /s/ John F. Keller

John F. Keller
Executive Vice President

August 13, 1992

By /s/ Robert W. Howard

Robert W. Howard
Senior Vice President-Finance

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

X Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

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For the quarterly period ended March 28, 1992 or

F92-2241

___ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition period from ____________ to ____________

PROCESSED BY
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MAY 8 1992

Commission file number 0-19335

BMC WEST CORPORATION

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Delaware (State or other jurisdiction of incorporation or organization)	94-3050454 (I.R.S. Employer Identification No.)

L3Q

BMC West Corporation
1475 Tyrell Lane, Boise, Idaho 83706
Telephone: (208) 387-4381

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 month (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes _X_ No ____

Class	Shares Outstanding as of April 24, 1992
Common Stock $.001 par value	3,491,779

Index to exhibits at page 13

This is Page 1 of 14 Pages

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BMC WEST CORPORATION

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PART 1 - FINANCIAL INFORMATION

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, all adjustments necessary to present fairly, the results for the periods presented have been included therein. The adjustments made were of a normal, recurring nature. Certain information and footnote disclosure normally included in financial statements have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although the company believes that the disclosures are adequate to make the information presented not misleading. It is recommended that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's 1991 Annual Report.

The results of operations for the periods presented are not necessarily indicative of the results that might be expected for the fiscal year.

BMC WEST CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(Dollars in Thousands Except per Share Data)

	Three Months Ended March 28, 1992	1991
Net Sales	56.619	40,261
Cost of Sales	44,788	31,688
Gross Profit	11,831	8,573
Selling, General and Administrative Expense	10,992	9,001
Other Income (Expense), net	(141)	139
Income (Loss) from Operations	698	(289)
Interest Expense	1,168	1,384
Loss Before Income Taxes	(470)	(1,673)
Income Taxes	115	427
Net Loss	(355)	(1,246)
Net Loss Per Common and Common Equivalent Share	(0.10)	(0.66)
Weighted Average Number of Common and Common Equivalent Shares	3,491,779	1,891,779

BMC WEST CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(Dollars in Thousands)

	March 28, 1992	December 28, 1991
CURRENT ASSETS		
Cash	$ 739	$ 608
Receivables, net	24,313	22,296
Inventories	28,009	22,615
Prepaid expense.	784	535
Total current assets	53,845	46,054
PROPERTY AND EQUIPMENT, net	24,737	24,499
DEFERRED LOAN COSTS	938	1,034
OTHER ASSETS	1,973	1,902
Total assets	$81,493	$73,489
CURRENT LIABILITIES		
Current portion of long-term debt	22,375	$ 1,571
Accounts payable	11,030	9,967
Accrued expenses	3,811	3,859
Interest payable	851	767
Total current liabilities	38,067	16,164
LONG-TERM DEBT, net of current portion	19,331	32,901
REDEEMABLE PREFERRED STOCK	4,832	4,824
STOCKHOLDERS EQUITY		
Common stock, $.001 par value, 20,000,000 shares authorized, 3,502,779 and 1,902,779 shares issued and 3,491,779 and 1,891,779 outstanding in 1992 and 1991, respectively	3	3
Additional paid-in capital	16,185	16,159
Retained earnings	3,075	3,438
	19,263	19,600
Total liabilities, redeemable preferred stock and stockholders, equity	$81,493	$ 73,489

BMC WEST CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Dollars in Thousands)

	Three Month Ended March 28, 1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (355)	$ (1,246)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation & amortization	735	583
Loss on sale of assets	8	--
Stock options compensation	26	--
Changes in working capital items	(6,629)	677
Other	(70)	(417)
Net cash used in operating activities	(6,285)	(403)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(841)	(334)
Sale of property and equipment	39	---
Net cash used in investing activities	(802)	(334)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings under revolving credit agreements	19,950	12,900
Repayments under revolving credit agreements	(11,950)	(11,500)
Financing costs	(8)	(6)
Principal payments on debt	(774)	(771)
Net cash provided by financial activities	7,218	623
NET INCREASE (DECREASE) IN CASH	131	(114)
CASH, beginning of period	608	414
CASH, end of period	$ 739	$ 300
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	$ 971	$ 1,338
Cash paid for income taxes	77	99

BMC WEST CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. INCOME TAXES

The income tax benefits recognized in the statements of income are based on the estimated effective annual rates for 1992 and 1991. The estimates contemplate prior year operating losses which will prelude any income taxes other than as required for alternative minimum and state income taxes.

2. INITIAL PUBLIC OFFERING

Effective August 22, 1991, the Company completed its initial stock offering in which 1,600,000 shares of common stock were sold and net proceeds (after underwriting discounts and commission expenses and other issuance costs of the offering) of $10,488,000 were received. Upon effectiveness of the offering, all outstanding Class A Preferred Stock was converted into 375,000 shares of common stock and outstanding common stock warrants to purchase 427,779 shares of common stock were exercised.

3. WORKING CAPITAL CHANGES

Changes in working capital items for the three months ended March 28, are as follows (in thousands):

	1992	1991
(Increase) decrease in accounts receivable	$(2,085)	$1,538
Increase in inventories	(5,394)	(735)
Increase in prepaid expenses	(249)	(33)
Increase in accounts payable and accrued expenses	1,015	111
Increase (decrease) in interest payable	84	(204)
	(6,629)	677

4. LONG-TERM DEBT

Long-term debt outstanding at the end of the following period is as follows.

	March 28, 1992	December 28, 1991
Revolving credit agreement borrowings	$ 20,987	$ 12,987
Real property note	5,867	6,312
Real estate note	4,780	4,925
Equipment note	187	371
Subordinated term loan	10,000	10,000
Less unamortized discount	(115)	(123)
	41,706	34,472
Less current portion	(22,375)	(1,571)
	$ 19,331	$ 32,901

The increase in the revolving credit agreement borrowings reflects the increased working capital requirements due to the cyclical nature of the Company's business.

The increase in the current portion of long-term debt is due to the revolving credit agreement being classified as current. The $21 million agreement is due in February of 1993. The Company expects to refinance this obligation to long-term debt prior to February of 1993.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following table sets forth for the periods indicated the percentage relationship to net sales of certain costs, expenses and income items. The table and subsequent discussion should be read in conjunction with the financial statements and the notes thereto appearing elsewhere herein and in the *December 28, 1991 Form 10-K filing.*

	For the Three Months Ended March 28, 1992	1991
Net Sales	100.0%	100.0%
Gross Profit	20.9	21.3
Selling, general and administrative expense	19.4	22.4
Other Income (expense)	(0.2)	.3
Income (loss) from Operations	1.2	(0.7)

FIRST QUARTER OF 1992 COMPARED WITH THE FIRST QUARTER OF 1991

Net sales for the three months ended March 31, 1992, were $56.6 million up significantly from the same period in 1991 when sales were $40.3 million. Sales from facilities operated throughout both periods ("same store sales") increased $14 million or 35% during the 1992 period. Sales were stronger due to improved residential housing construction in the company's seven-state market area, unseasonably favorable weather, and gains in market share achieved in 1991.

The gross margin for the first quarter of 1992 decreased to 20.9% from 21.3% in the first three months of 1991. The Company's sales mix and the escalating prices of commodity wood products had the tendency to compress margins in the quarter. A larger proportion of sales in 1992 were to the new residential category which typically have lower margins.

Selling, general and administrative ("SG&A") expenses, as a percent of net sales, decreased to 19.4% from 22.4% in the comparable period in 1991. This percentage decrease was a function of a continued concentrated effort on expense control and the higher sales in the first quarter of 1992. SG&A was $11.0 million in the quarter ended 1992 as compared to $9.0 million in the first quarter of 1991.

Other expense of $141 thousand, in the first quarter of 1992 was primarily attributable to a $285 thousand one-time charge for the relocation of the company's Santa Rosa, California door shop and closure of its Vancouver, Washington export warehouse. In the first three months of 1991, the company had other income of $139 thousand.

Interest expense decreased by $216,000 to $1.2 million in the first quarter of 1992. This can be primarily attributed to a decrease in the average loan balance outstanding and lower interest on variable rate debt in the first three months of 1992 compared to the same period of 1991.

LIQUIDITY AND CAPITAL RESOURCES

Working capital decreased $14.1 million from December 28, 1991 and $12 million from March 28, 1991.

This decrease can be attributed primarily to the revolving credit agreement borrowings being classified in the current portion of long-term debt on the March 28, 1992 balance sheet. The Company expects to refinance this agreement to long-term debt before its due date in February 1993.

Based on its ability to generate funds from operations and the expected ability to refinance the revolving credit agreement the Company believes that it will have sufficient funds available to meet its current anticipated requirements.

PART II.

Item 1. Legal Proceedings

The Company is involved in litigation and administrative proceedings primarily arising in the normal course of its business. In the opinion of management, the Company's recovery, if any, or the Company's liability, if any, under any pending litigation or administrative proceedings would not materially affect its financial condition or operations.

Item 5. Other Information

None

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 11 - Statement regarding computation of per share earnings.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the period covered by this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BMC WEST CORPORATION

Date: May 5, 1992

Donald S. Hendrickson
President, Chief Executive Officer
and Director (Principal Executive Officer)

Date: May 5, 1992

Ellis C. Goebel
Vice President & Treasurer
(Principal Financial Officer)

INDEX TO EXHIBITS

BMC WEST CORPORATION

Quarterly Report on Form 10-Q
For the Quarter Ended March 28, 1992

Exhibit	Description	Page Number
11	Computation of Earnings Per Share	14

EXHIBIT 11

BMC WEST CORPORATION
Computation of Earnings Per Share

COMPUTATION OF PRIMARY EARNINGS PER SHARE

	Three Months Ended March 28, 1992	1991
Net loss	$ (355,000)	$(1,246,000)
Class B preferred stock accretion	(8,500)	(8,500)
Adjusted net income	(363,500)	(1,254,500)
Weighted average shares outstanding	3,491,779	1,891,779
Net effect of dilutive stock options based on the treasury stock method using average market price	0	0
Total common shares and equivalents	3,491,779	1,891,779
PRIMARY LOSS PER SHARE	$ (0.10)	$ (0.66)

COMPUTATION OF FULLY DILUTED EARNINGS PER SHARE

	1992	1991
Adjusted net loss	$(363,500)	$(1,254,500)
Weighted average shares outstanding	3,491,779	1,891,779
Net effect of dilutive stock options based on the treasury stock method using the higher of quarter-end market price or average market price	0	0
Total shares and equivalents	3,491,779	1,891,779
FULLY DILUTED EARNINGS PER SHARE	$ (0.10)	$ (0.66)

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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92-2241

FORM 10-Q

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarter ended June 30, 1992

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission file number 0-10850

Exact name of registrant as specified in its charter

Microfilmed
By
Q-Data
Corporation
St. Petersburg, FL

CAL REP BANCORP, INC.

State of incorporation:
California

Address and telephone of principal executive offices:
1675 Chester Avenue, Suite 200
Bakersfield, California 93301
805-395-5800

I.R.S. Employer Id. No.:
95-3788589

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No___

Applicable only to issuers involved in bankruptcy proceedings during the preceding five years:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes___ No___

Applicable only to corporate issuers:

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

Common Stock, no par value - 2,746,833 shares outstanding
as of July 31, 1992.

Part I – Financial Information
Item 1 – Financial Statements

CAL REP BANCORP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	June 30 1992	December 31 1991
ASSETS		
Cash and due from banks	$46,551,241	$41,025,898
Interest bearing deposits in other financial institutions	1,864,000	2,158,000
Federal funds sold	10,800,000	0
Investment securities	80,677,180	96,122,293
Loans and leases:		
Commercial	114,641,720	137,848,054
Real estate	134,282,569	98,252,192
Real estate construction	78,692,779	79,070,644
Installment	89,529,082	76,848,605
Less: Unearned income	(2,831,814)	(1,187,621)
Deferred loan fees	(2,968,936)	(2,766,793)
Total loans and leases	411,345,400	388,065,081
Less: Allowance for possible loan losses	(10,145,223)	(10,291,150)
Net loans and leases	401,200,177	377,773,931
Bank premises and equipment, net	12,107,226	12,233,703
Accrued interest receivable	4,250,195	4,796,258
Investments in real estate, net	4,329,593	7,656,842
Other real estate owned	12,108,484	15,845,472
Other assets	8,472,805	7,038,027
Total Assets	$582,360,901	$564,650,424
LIABILITIES		
Deposits:		
Non–interest bearing	$112,287,816	$112,530,594
Interest bearing	423,118,086	407,094,416
Total deposits	535,405,902	519,625,010
Federal funds purchased	700,000	1,600,000
Accrued interest payable and other liabilities	5,718,109	4,340,299
SHAREHOLDERS' EQUITY		
Common stock, no par value; authorized 20,000,000 shares issued and outstanding	15,178,138	15,178,138
Retained earnings	25,358,752	23,906,977
Total shareholders' equity	40,536,890	39,085,115
Total Liabilities and Shareholders' Equity	$582,360,901	$564,650,424

The accompanying notes are an intergral part of these statements.

CAL REP BANCORP, INC.
CONSOLIDATED STATEMENTS OF INCOME

	For the three months ended June 30		For the six months ended June 30	
	1992	1991	1992	1991
INTEREST INCOME				
Interest and fees on loans and leases	$ 10,868,346	$ 10,294,206	$ 21,326,278	$ 20,482,692
Interest on investment securities:				
Taxable	1,207,120	1,913,189	2,300,423	4,038,530
Tax-exempt	469,482	557,853	957,331	1,129,219
Interest on federal funds sold	117,518	136,298	268,711	351,614
Interest on deposits in other financial institutions	20,315	70,167	46,062	154,714
Total interest income	12,682,781	12,971,713	24,898,805	26,156,769
INTEREST EXPENSE				
Interest on deposits	3,960,991	5,311,091	8,380,869	11,045,153
Interest on short term borrowings	28,245	41,453	69,180	103,495
Total interest expense	3,989,236	5,352,544	8,450,049	11,148,648
Net interest income	8,693,545	7,619,169	16,448,756	15,008,121
Provision for possible loan losses	855,000	650,000	3,005,000	1,600,000
Net interest income after provision for possible loan losses	7,838,545	6,969,169	13,443,756	13,408,121
NON-INTEREST INCOME				
Service charges on deposit accounts	1,258,224	1,261,945	2,541,527	2,518,405
Other service charges, commissions, and fees	648,660	601,438	1,332,486	1,070,179
Net investment securities gains	0	508,908	2,117,486	560,796
Other non-interest income	288,344	160,422	674,002	401,704
Total non-interest income	2,195,228	2,532,713	6,665,501	4,551,084
NON-INTEREST EXPENSE				
Salaries	2,914,183	2,838,359	6,099,704	5,612,008
Other employee benefits	844,107	794,221	1,771,464	1,567,060
Net occupancy expense	606,145	550,319	1,185,821	1,127,846
Equipment expense	675,475	764,850	1,417,156	1,590,271
Other non-interest expense	3,072,145	2,480,412	7,205,694	4,413,811
Total non-interest expense	8,112,055	7,428,161	17,679,839	14,310,996
Income before applicable income taxes	1,921,718	2,073,721	2,429,418	3,648,209
Provision for income taxes	664,506	655,573	703,059	1,088,606
Net Income	$ 1,257,212	$ 1,418,148	$ 1,726,359	$ 2,559,603
Earnings per common share	$ 0.46	$ 0.52	$ 0.63	$ 0.93
Cash dividends per common share	$ 0.00	$ 0.10	$ 0.10	$ 0.20

CAL REP BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Increase (decrease) in cash and cash equivalents	For the six months ended June 30	
	1992	1991
Cash flows from operating activities:		
Net income	$ 1,726,359	$ 2,559,603
Adjustments to reconcile net income to net cash provided by operating activities:		
Decrease in interest receivable	546,063	347,332
Increase in deferred loan fees	202,143	137,306
Increase (decrease) in interest payable	658,080	(147,785)
Provision for possible loan losses	3,005,000	1,600,000
Investment securities gains	(2,117,485)	(560,796)
Amortization and accretion of premium and discount on investment securities	127,737	134,680
(Gain) loss on sale or retirement of fixed assets	14,001	(924)
Depreciation and amortization of fixed assets	885,516	860,949
Increase (decrease) in accrued expenses	92,580	(417,910)
Increase in prepaid expenses	265,011	35,454
Increase (decrease) in accrued taxes payable	(7,940)	372,091
Net increase (decrease) in other liabilities	635,090	(2,291,981)
Total adjustments	4,325,796	68,416
Net cash provided by operating activities	6,052,155	2,628,019
Cash flows from investing activities:		
Proceeds from sales of investment securities	48,413,494	12,833,316
Proceeds from maturities of investment securities	9,611,212	5,007,282
Purchase of investment securities	(40,589,845)	(104,812)
Net decrease in interest bearing deposits in other financial institutions	294,000	1,783,000
Net increase in federal funds sold	(10,800,000)	(4,500,000)
Net increase in installment loans	(11,036,284)	(5,553,394)
Net increase in commercial and real estate loans	(15,597,105)	(5,306,164)
Net (increase) decrease in investments in real estate	3,327,249	(817,669)
Principal collected on direct lease financing	--	9,938
Capital expenditure for fixed assets	(780,742)	(439,038)
Proceeds from sale of bank premises and equipment	7,701	12,029
Principal collected on leverage leases	18,428	199,134
Net (increase) decrease in other real estate owned	3,736,988	(8,067,080)
Net increase in other assets	(1,738,217)	(1,668,328)
Net cash used in investing activities	$ (15,133,121)	$ (6,613,786)

CAL REP BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Increase (decrease) in cash and cash equivalents	For the six months ended June 30 1992	1991
Cash flows from financing activities:		
Net decrease in non–interest bearing deposits	(242,778)	(1,836,730)
Net increase (decrease)in interest bearing deposits	16,023,670	(1,079,550)
Net (decrease) increase in federal funds purchased	(900,000)	200,000
Dividends paid	(274,583)	(549,167)
Net cash provided by financing activities	14,606,309	(3,265,447)
Net increase (decrease) in cash and cash equivalents	5,525,343	(7,251,214)
Cash and cash equivalents at begining of period	41,025,898	51,445,764
Cash and cash equivalents at end of period	$ 46,551,241	$ 44,194,550

CAL REP BANCORP, INC.
NOTES TO FINANCIAL STATEMENTS

1. In the opinion of the Company, the accompanying consolidated financial statements contain all adjustments necessary to present fairly the financial position as of June 30, 1992 and December 31, 1991 and the results of operations for the three and six months ended June 30, 1992 and 1991 and the cash flows for the six months ended June 30, 1992 and 1991.

2. In the ordinary course of business, California Republic Bank (a wholly-owned subsidiary) enters into commitments to extend credit to its customers which are not reflected in the accompanying financial statements. Lines of credit at June 30, 1992 and June 30, 1991 are $44,112,000 and $32,281,000, respectively. Real estate construction loans are carried net of undisbursed portions totaling $48,524,000 and $60,330,000 at June 30, 1992 and June 30, 1991, respectively. Additionally, the Bank was contingently liable for Standby Letters of Credit at June 30, 1992 for $28,703,000 and at June 30, 1991, for $21,834,000.

3. Certain amounts in the unaudited consolidated financial statements for prior periods have been reclassified to conform with the 1991 financial statement classification. The reclassifications had no net impact on the reported results of operations. In the opinion of management, all adjustments necessary for a fair presentation of results of operations have been made. The adjustments are all of a normal recurring nature, and management believes such presentation is adequate to make the information presented not misleading.

CAL REP BANCORP, INC.
SELECTED CONSOLIDATED STATISTICAL INFORMATION

The following tables are included to provide further information and should be read in conjuction with the consolidated financial statements.

Analysis of Consolidated Statements of Income

The table below summarizes the principal components of the Consolidated Statements of Income and percentage changes therein.

	June 30, 1992 vs. June 30, 1991					
(Amounts in thousands)	Three Months Ended			Six Months Ended		
		Change			Change	
	06/30/92	Amount	%	06/30/92	Amount	%
Total interest income (1)	$ 12,925	$ (335)	−2.53%	$ 25,391	$ (1,348)	−5.04%
Total interest expense	3,989	(1,364)	−25.48%	8,450	(2,699)	−24.21%
Net interest income (1)	8,936	1,029	22.95%	16,941	1,351	19.17%
Taxable equivalent adjustment	242	(46)	−15.97%	493	(89)	−15.29%
Net interest income	8,694	1,075	38.93%	16,448	1,440	34.46%
Provision for possible loan losses	855	205	31.54%	3,005	1,405	87.81%
Net interest income after provision for possible loan losses	7,839	870	7.39%	13,443	35	−53.35%
Non−interest income	2,195	(338)	−13.34%	6,666	2,115	46.47%
Non−interest expense	8,112	684	9.21%	17,680	3,369	23.54%
Income taxes	665	9	1.37%	703	(386)	−35.45%
Net income	$ 1,257	$ (161)	−16.54%	$ 1,726	$ (833)	5.02%

(1) Taxable equivalent basis.

ANALYSIS OF AVERAGE BALANCES AND NET INTEREST MARGIN

($ in thousands)	Three Months Ended June 30, 1992			Three Months Ended June 30, 1991			1992 Over 1991	
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Volume	Rate
INTEREST-EARNING ASSETS								
Loans and leases	$411,995	$10,868	10.55%	$349,679	$10,294	11.78%	$1,377	($803)
Taxable investment securities	60,196	1,207	8.02%	86,228	1,913	8.87%	(535)	(171)
Non-taxable investment securities	23,535	712	12.10%	27,162	847	12.47%	(110)	(25)
Time deposits with banks	1,864	20	4.29%	3,990	70	7.02%	(29)	(21)
Federal funds sold	13,266	118	3.56%	9,471	136	5.74%	(358)	340
Total Earning Assets	510,856	12,925	10.12%	476,530	13,260	11.13%	344	(679)
Allowance for possible loan losses	(10,783)			(7,134)				
Cash and cash due from banks	40,690			37,764				
Net bank premises and equipment	12,305			12,479				
Other assets	26,868			22,591				
Total Assets	$579,936			$542,230				
INTEREST-BEARING LIABILITIES								
Savings & interest-bearing demand deposits	$258,470	1,899	2.94%	$213,967	2,398	4.48%	761	(1,260)
Time deposits	172,244	2,062	4.79%	181,587	2,912	6.41%	(143)	(707)
Federal funds purchased and other interest bearing liabilities	3,020	28	3.71%	3,293	43	5.22%	(3)	(12)
Total Interest-Bearing Liabilities	433,734	3,989	3.68%	398,847	5,353	5.37%	614	(1,978)
Noninterest-bearing deposits	103,804			99,436				
Accrued interest payable and other liabilities	2,530			3,538				
Total Liabilities	540,068			501,821				
Shareholders' equity	39,868			40,409				
Total Liabilities and Shareholders' Equity	$579,936			$542,230				
Net Interest Income and Margin		$8,936	7.00%		$7,907	6.64%	($270)	$1,299

Note: Interest income is determined on a taxable-equivalent basis. The taxable-equivalent adjustments are based on a marginal tax rate of 34% for 1992 and 1991 and the dollar effects are $242 and $287, respectively. Net loan fees of $1,304 and $1,219 were included in net interest income in the second quarter of 1992 and 1991, respectively. For purpose of this table, changes which are not due solely to rate or volume have been allocated proportionately.

ANALYSIS OF AVERAGE BALANCES AND NET INTEREST MARGIN

($ in thousands)	Six Months Ended June 30, 1992			Six Months Ended June 30, 1991			1991 Over 1990	
	Average Balance	Interest	Rate	Average Balance	Interest	Rate	Volume	Rate
INTEREST–EARNING ASSETS								
Loans and leases	$405,035	$21,326	10.53%	$347,041	$20,483	11.80%	$2,380	($1,537)
Taxable investment securities	59,860	2,300	7.68%	90,566	4,039	8.92%	(1,235)	(504)
Non–taxable investment securities	23,923	1,450	12.12%	27,353	1,711	12.51%	(209)	(52)
Time deposits with banks	1,944	46	4.73%	4,161	154	7.40%	(64)	(44)
Federal funds sold	14,695	269	3.66%	12,173	352	5.78%	108	(191)
Total Earning Assets	505,457	25,391	10.05%	481,294	26,739	11.11%	979	(2,327)
Allowance for possible loan losses	(10,564)			(7,665)				
Cash and cash due from banks	41,796			39,724				
Net bank premises and equipment	12,315			12,619				
Other assets	26,837			19,892				
Total Assets	$575,841			$545,864				
INTEREST–BEARING LIABILITIES								
Savings & interest–bearing demand deposits	$255,337	4,096	3.21%	$212,071	4,805	4.53%	1,644	(2,353)
Time deposits	171,256	4,285	5.00%	186,439	6,240	6.69%	(477)	(1,478)
Federal funds purchased and other interest bearing liabilities	3,482	69	3.96%	4,081	104	5.10%	(14)	(21)
Total Interest–Bearing Liabilities	430,075	8,450	3.93%	402,591	11,149	5.54%	1,153	(3,852)
Noninterest–bearing deposits	100,942			100,142				
Accrued interest payable and other liabilities	1,695			3,156				
Total Liabilities	532,712			505,889				
Shareholders' equity	40,369			39,975				
Total Liabilities and Shareholders' Equity	$573,081			$545,864				
Net Interest Income and Margin		$16,941	6.70%		$15,590	6.48%	($174)	$1,525

Note: Interest income is determined on a taxable–equivalent basis. The taxable–equivalent adjustments are based on a marginal tax rate of 34% for 1992 and 1991 and the dollar effects are $400 and $582, respectively. Net loan fees of $2,546 and $2,297 were included in net interest income in the six months ending of 1992 and 1991, respectively. For purposes of this table, changes which are not due solely to rate or volume have been allocated proportionately.

Item 2 - Management's discussion and analysis of financial condition and results of quarterly operations.

Overview

Cal Rep Bancorp, Inc. reported net income of $1,257,212 for the second quarter of 1992 and $1,726,359 for the six months ended June 30,1992. This compares with net income of $1,418,148 and $2,559,603 for the same prior year periods. Net income for the first quarter of 1992 was $469,147.

Total assets at June 30, 1992 were $582,360,901, compared with $581,329,660 at March 31, 1992, a 0.18% increase. Compared with June 30, 1991, total assets have increased from $546,565,491 or 6.55%.

Total shareholders' equity was $40,536,890 at June 30, 1992 compared with $39,279,679 at March 31, 1992 and $41,030,602 at June 30, 1991. Cal Rep Bancorp, Inc.'s leverage capital ratio was 6.94% at June 30, 1992, 6.76% at March 31, 1991 and 7.59% at June 30, 1991.

Under the 1992 risk-based capital guidelines, Cal Rep Bancorp Inc.'s Tier 1 capital ratio was 8.44% and total capital ratio was 9.95% at June 30, 1992. Both ratios exceeded regulatory guidelines.

On April 10, 1992 the Company paid a cash dividend of $0.10 per share to shareholders of record as of April 1. However the Company's Board of Directors announced on April 15, 1992, the indefinite suspension of the cash dividend beginning with the second quarter, in order to strengthen the Bank's capital position and to support profitable growth opportunities,

Net Interest Income

Net interest income, on a taxable equivalent basis, was $8,936,000 for the second quarter of 1992 compared with $8,006,000 in the first quarter of 1992 and $7,907,000 in the second quarter of 1991. The increase in net interest income resulted primarily from a decline in rates paid on interest bearing liabilities. The net interest margin, which translates into the net amount generated by earning assets after taking into account the cost of funding those assets, increased 60 basis points to 7.00% in the second quarter of 1992 from 6.40% in the first quarter of 1992 and 6.64% in the second quarter of 1991.

During the second quarter of 1992, gross interest income remained consistent with both the first quarter of 1992 and the second quarter of 1991. On a taxable equivalent basis, gross interest income for the second quarter of 1992 was $12,925,000 compared to $12,467,000 in the first quarter of 1992 and $13,260,000 in the second quarter of 1991. The consistency of the interest income levels reflects a significant decline in interest rates over the periods which more than offset the growth in earning assets. During the second quarter of 1992, earning assets averaged $510,856,000 and yielded 10.12%, as compared to the first quarter of 1992 when earning assets averaged $500,057,000 and yielded 9.97% and as compared to the second quarter of 1991 when earning assets averaged $476,530,000, yielding 11.13%.

Interest expense continued to decline in the second quarter as the rates paid on interest bearing liabilities further deteriorated from 5.37% in the second quarter of 1991 and 4.18% in the first quarter of 1992 to 3.68% in the second quarter of 1992. Interest expense decreased $472,000 during the second quarter of 1992 to $3,989,000. Average interest bearing liabilities, primarily deposit accounts, reflected continued growth averaging $433,734,000 in the second quarter of 1992 compared with $426,417,000 in the first quarter of 1991 and $398,847,000 in the second quarter of 1991.

For the six months ended June 30, 1992, net interest income, taxable equivalent basis, was $16,491,000 compared to $15,590,000 in the corresponding period of 1991. The increase is a reflection of the improved net interest margin generated during the first six months of 1992. The net interest margin, increased 22 basis points from 6.48% for the first six months of 1991 to 6.70% for the first six months of 1992. A further analysis of net interest income can be found on pages 8 and 9 of this Form.

Non-Interest Income

Non-interest income, which at times encompasses items ranging from service charges on deposit accounts to fees collected for microfiche processing, a further analysis of net-interest income can be found at pages 8 and 9 of this Form, was $2,195,000 for the second quarter of 1992. Unlike the two comparable quarters, the second quarter figure does not include any gains generated from the sale of investment securities. Non-interest income in the first quarter of 1992 was $4,470,000 and included $2,117,000 in gains realized from a one-time restructuring of the Bank's mortgage-backed securities portfolio. Non-interest income in the second quarter of 1991 was $2,533,000 and included $509,000 in gains realized from the sale of investment securities undertaken to fund unexpected loan demand.

Total non-interest income, exclusive of securities gains, remained fairly consistent from the second quarter of 1991 to the second quarter of 1992, increasing only $171,000 (see analysis page 13 of this Form). The largest portion of that increase resulted from an increase in other non-interest income which includes such things as microfiche fee income and gains generated from prepayments or mortgage backed securities which had been purchased at a discount.

Non-Interest Expense

Non-interest expense was $8,112,000 in the second quarter of 1992, compared with $9,568,000 in the first quarter of 1992 and $7,428,000 in the second quarter of 1991. Staff expense consisting of salaries and other employee benefits represent the largest single area of non-interest expenditures. Together, they totaled $3,758,000 in the second quarter of 1992 increasing $126,000 or 3.5% over the second quarter of 1991. This marginal increase is attributable to a shift in the staffing mix coupled with increased employee benefit costs. Staffing levels declined from 458 full time equivalent (FTE) at June 30, 1991 to 428 FTE at June 30, 1992. Management has worked diligently during the first six months of 1992 to control staff expense. The results of their efforts are reflected not only in the controlled levels of expense growth, but more importantly in the reduction of some 30 FTE.

Professional expense which is comprised of legal, accounting and other externally provided services, increased $224,000 over the second quarter of 1991. The increase reflects the additional legal expertise required to maintain the ORE portfolio. Coupled with the services provided by compensation consultants retained to evaluate the Bank's compensation program.

During the second quarter of 1992, no additional provisions were made to the reserve for joint ventures, ended the quarter at $1,336,000. The joint venture provision for the second quarter of 1991 was $525,000 and for the first quarter of 1992 was $1,685,000. Management continues to believe that the reserve is adequate based on the Bank's continual evaluation of the joint venture portfolio.

Other real estate operating expenses increased $442,000 over the second quarter of 1991. Operating expenses reflect the ongoing costs associated with the Bank's existing ORE portfolio as well as the sales costs associated with the disposition of any ORE previously held for sale. The increase in these expenses is indicative of both the high level of existing ORE and the increased ORE sales activity the Bank experienced during the second quarter of 1992.

Other expenses, which include items ranging from directors fees and employee training to correspondent bank charges and Bank insurance expense increased $315,000 or 48.8% over the second quarter of 1991. Increased lending activity experienced during the second quarter of 1992 accounts for the largest portion of the increase as both the volume and cost of real estate appraisals and filing and recording fees expanded to keep up with the activity. A further analysis of non-interest expense can be found at page 13 of this Form.

ANALYSIS OF NON-INTEREST INCOME AND EXPENSE

(Amounts in thousands)

Three Months Ended June 30,	1992	1991	Increase/(Decrease) Amount	Increase/(Decrease) Percent
Non-Interest Income:				
Service charges on deposit accounts	$ 1,258	$ 1,262	$ (4)	-0.32%
Other service charges, commissions and fees	649	601	48	7.99%
Net investment securities gains	0	509	(509)	-100.00%
Other non-interest income	288	161	127	78.88%
Total Non-Interest Income	$ 2,195	$ 2,533	$ (338)	-13.34%

Three Months Ended June 30,	1992	1991	Increase/(Decrease) Amount	Increase/(Decrease) Percent
Non-Interest Expense:				
Salaries	$ 2,914	$ 2,838	$ 76	2.68%
Other employee benefits	844	794	50	6.30%
Net occupancy expense	606	550	56	10.18%
Equipment expense	675	765	(90)	-11.76%
Professional expense	566	342	224	65.50%
Promotion	62	62	0	0.00%
Advertising	75	60	15	25.00%
Office supplies and expense	377	420	(43)	-10.24%
Provision for Joint Ventures	0	525	(525)	-100.00%
Operating losses	266	134	132	98.51%
ORE writedowns	0	0	0	0.00%
FDIC and state banking assessments	282	250	32	12.80%
ORE operating expenses	485	43	442	1027.91%
Other expenses	960	645	315	48.84%
Total Non-Interest Expense	$ 8,112	$ 7,428	$ 684	9.21%

Loans

Total loans were $411,345,000 at June 30, 1992, an increase of 2.10% from March 31, 1992 and 19.09% from June 30, 1991. An analysis of total loans and leases, which breaks out the balances by type, appears on page 15 of this Form.

At June 30, 1992, the allowance for possible loan losses totaled $10,145,000 compared with $10,917,000 at March 31, 1992 and $7,349,000 at June 30, 1991. As the economy continues to experience changes, the Bank's loan portfolio receives constant internal review. At June 30, 1992, the allowance for possible loan losses represented 2.47% of the Bank's total loan portfolio compared with 2.71% at March 31, 1992 and 2.13% at June 30, 1991. An analysis of the allowance for possible loan losses appears on page 14 of this Form.

Non-Performing Assets and Past Due Loans

Non-performing assets consist of loans and leases on which interest is no longer being accrued and real estate acquired through foreclosures in satisfaction of loans. Managements' classification of a loan as non-accrual does not necessarily indicate that the principal of the loan is uncollectible in whole or in part. If the status of the loan deteriorates to the point that ultimate collection of principal and interest is doubtful and further extension would diminish the value of the bank's interest in any related collateral, the Bank acquires ownership of the property through appropriate legal action. Any loss resulting from differences between the loan balance and the fair market value of the property is recognized immediately by a charge to the allowance for loan losses. Management periodically reappraises the value of foreclosed property and additional write-downs, if any, are charged directly against earnings. Any gains or losses resulting from the ultimate disposal of foreclosed property are recognized at the time of sale.

Non-performing assets were $16,367,000 at June 30, 1992, compared with $20,399,000 at March 31, 1992 and $18,385,000 at June 30, 1991. As a percentage of total loans and foreclosed property, non-performing assets represented 3.92% at June 30, 1992 compared with 4.88% at March 31, 1992 and 5.13% at June 30, 1991. An analysis of non-performing assets appears on page 16 of this Form.

ANALYSIS OF TOTAL LOANS AND LEASES

(Amounts in thousands)

	June 30, 1992	March 31, 1992	December 31, 1991	June 30, 1991
Commercial	$ 90,848	$ 98,584	$ 137,848	$ 128,746
Agriculture	23,793	14,524	--	0
Real estate	134,283	132,714	98,252	73,562
Real estate construction	78,693	78,741	79,071	88,331
Installment	89,529	83,479	76,849	57,032
Direct lease fincing	--	--		31
Less:				
Unearned income	(2,832)	(2,275)	(1,188)	--
Deferred loan fees	(2,969)	(2,872)	(2,767)	(2,283)
Total loans and leases	411,345	402,895	388,065	345,419
Less:				
Allowance for possible loan losses	(10,145)	(10,917)	(10,291)	(7,349)
Net loans and leases	$ 401,200	$ 391,978	$ 377,774	$ 338,070

ANALYSIS OF ALLOWANCE FOR POSSIBLE LOAN LOSSES

	June 30, 1992	March 31, 1992	December 31, 1991	June 30, 1991
Balance, begining of period	$ 10,917	$ 10,291	$ 7,360	$ 7,428
Provision for possible loan losses	855	2,150	4,000	650
Loan losses, net of recoveries:				
Commercial loans	89	583	(30)	298
Real estate loans	1,093	689	881	366
Consumer loans	445	252	218	54
Other loans	--	--	--	11
Total net loan losses	1,627	1,524	1,069	729
Balance, end of period	$ 10,145	$ 10,917	$ 10,291	$ 7,349
Ratio of net loan losses during the period to total loans and leases (annualized)	1.58%	1.51%	0.28%	0.84%

ANALYSIS OF NON–PERFORMING ASSETS

(Amounts in thousands)

Non–Performing Assets and Past Due Loans

	June 30, 1992	March 31, 1992	December 31, 1991	June 30, 1991
Non–accrual loans	$ 4,259	$ 5,405	$ 5,042	$ 5,171
Foreclosed property	12,108	14,994	15,845	13,214
Total non–performing assets	$ 16,367	$ 20,399	$ 20,887	$ 18,385
Total non–performing assets to:				
Loans and foreclosed property	3.92%	4.88%	5.17%	5.13%
Total assets	2.81%	3.51%	3.70%	3.36%
Accruing loans past due more than 90 days	$ 841	$ 893	$ 1,899	$ 3,943

Non–Performing Assets by Type

	June 30, 1992	March 31, 1992	December 31, 1991	June 30, 1991
Single Family Dwellings	$ 6,388	$ 2,552	$ 1,886	$ 3,673
Land	8,299	13,841	15,275	11,018
Commercial Real Estate	1,177	1,327	1,491	3,594
Other	503	2,679	2,235	100
Total Non–Performing Assets by Type	$ 16,367	$ 20,399	$ 20,887	$ 18,385

Liquidity

Liquidity management ensures available funds to meet normal transaction requirements and to provide funds for loans and leases to customers as necessary. The Bank maintains primary liquidity by investing in short term interest bearing deposits with other financial institutions and the overnight sale of federal funds. These funds are placed at spaced maturity intervals to become available for the deposit and credit needs of our customers. These funds averaged $18,268,000 in the second quarter of 1992 compared with $18,147,000 in the first quarter of 1992 and $8,910,000 in the second quarter of 1991. Additionally, the bank maintains a high level of short term government bond investments and government agency bonds which provide monthly cash flow which approximated $1,600,000 in the second quarter of 1992.

Capital Management

Total shareholders' equity increased $1,257,212 or 3.20% from March 31, 1992 to June 30, 1992 due totally to the retention of earnings. The ratio of average shareholders' equity to average assets was 6.9% at June 30, 1992, 6.9% at March 31, 1992 and 7.3% at June 30, 1991.

On April 15, 1992 the Bank's Board of Directors entered into a memorandum of understanding with the Federal Deposit Insurance Corporation (FDIC) relating to capital adequacy, asset quality management, asset/liability management, and related policies and procedures. Under this memorandum of understanding, the Board has made a commitment to achieve an agreed upon level of 7.25% of Tier 1 leverage capital by year-end 1992 and to continue to provide an adequate allowance for loan losses. Management believes that the Bank will be able to achieve this goal through normal operating earnings. As of June 30, 1992, Tier 1 leverage capital was 6.94%.

PART II

OTHER INFORMATION

Item 1 - Legal Proceedings

The Company's wholly-owned subsidiary, California Republic Bank, becomes involved in litigation in the ordinary course of business. Management has reviewed all suits against the Bank with counsel and has taken into consideration the views of such counsel as to the outcome of the litigation. In Management's opinion, final disposition of all such suits will not have any material adverse effect on the Company's or the Bank's financial position.

Item 6 (b) - Reports on Form 8-K

During the second quarter of 1992, the Registrant filed a Form 8-K Current Report. The report was dated April 15, 1992 and reported the registrant's results of operation for the first quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto, duly authorized.

CAL REP BANCORP, INC.

Date: 8/11/92

Bruce W. Roat
Bruce W. Roat
Executive Vice President/C.F.O.

Date: 8/11/92

Kristen Barnes
Kristen Barnes
Senior Vice President/Controller

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92-8241

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter ended June 30, 1992 Commission File Number 0-5715

CITINATIONAL DEVELOPMENT TRUST

California
(State or other jurisdiction of incorporation or organization)

95-2640413
(I.R.S. Employer Identification No.)

404 North Roxbury Drive, Beverly Hills, California
(Address of principal executive offices)

90210
(Zip Code)

Registrant's telephone number, including area code (310) 550-5400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

600,000 Shares of Beneficial Interest outstanding at August 10, 1992.

This Form 10-Q contains 6 pages.

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Part I. **FINANCIAL INFORMATION**

Item 1. **FINANCIAL STATEMENTS**

CITINATIONAL DEVELOPMENT TRUST

STATEMENT OF FINANCIAL CONDITION
(Unaudited)
(000 omitted)

	June 30 1992	March 31 1992
ASSETS		
Cash	$ 14	$ 19
Short-term investments--at cost	1,141	1,129
Interest receivable	1	1
Income tax refund receivable	29	29
	1,185	1,178
Other real estate, at fair value (Note 2)	524	540
Total assets	$1,709	$1,718
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accrued expenses and other liabilities	$ 6	$ 15
Shareholders' equity		
Shares of Beneficial Interest--$1 par value--unlimited authorization--600,000 shares issued and outstanding	600	600
Paid in capital	1,769	1,769
Deficit	(666)	(666)
Total shareholders' equity	1,703	1,703
Total liabilities & shareholders' equity	$1,709	$1,718

CITINATIONAL DEVELOPMENT TRUST

STATEMENT OF INCOME
(Unaudited)
($000 omitted)

	For the three months ended June 30	
	1992	1991
Income		
Interest income from short-term investments	$ 11	$ 23
Interest income--mortgage loan (Note 2)		37
Total income	11	60
Costs and expenses		
Management fees	3	3
Professional services	7	3
Miscellaneous expenses	1	2
Total costs and expenses	11	8
Income before income taxes	0	52
Income tax provision	0	(18)
Net income--Note 1	$ 0	$ 34
Per share data		
Net income	$ .00	$ .06
Dividends paid	None	None
Average number of Shares of Beneficial Interest outstanding	600,000	600,000

CITINATIONAL DEVELOPMENT TRUST

STATEMENT OF CASH FLOWS
(Unaudited)
(000 omitted)

	For the three months ended June 30	
	1992	1991
Cash flows from operating activities		
Income before extraordinary credit		$ 34
Adjustments to income:		
Decrease in accrued expenses and other liabilities	$ (9)	(10)
Increase in interest receivable and other assets		(3)
Decrease in other real estate	16	—
Net cash provided by operating activities	7	21
Cash flows from investing activities		
Increase in short-term investments	(12)	(13)
Net cash used in investing activities	(12)	(13)
Net (decrease) increase in cash	(5)	8
Cash at beginning of year	19	24
Cash at end of quarter	$ 14	$ 32

Notes to the Financial Statements of the Registrant

1. The information furnished reflects all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods.

2. An investment in a mortgage loan on real estate resulted from the Trust's sale of its office building in Cayce, South Carolina, for which a note in the amount of $1,069,000 was accepted as part of the proceeds of the sale. As of March 31, 1990, due to the softness of the local real estate market, the Trust established a reserve in the amount of $244,000 to reflect the estimated realizable value of the note.

   In January, 1992 the Trust was notified by the borrower of their inability to make scheduled interest payments. As a result, the loan was placed on nonaccrual status, effective December 31, 1991, and interest accrued and unpaid in the amount of $17,100 was reversed against interest income. In the fourth quarter of fiscal 1992, additional interest payments of $12,700 were applied to principal reduction for financial reporting purposes.

   Due to the borrower's inability to rebuild equity in the building, or otherwise repay the loan in the foreseeable future, the Trust reclassified the loan to an "in-substance" foreclosure, as of March 31, 1992, and reduced the carrying value of the loan to equal the fair value of the buildings net of expenses to sell and obtain title. During the quarter ended June 30, 1992, interest payments of $16,500 were applied against the carrying value of the buildings. Future payments by the borrower will also be applied against the carrying value.

   Based on the current status of the property and the borrower, management considers full repayment of the loan doubtful. In the event of nonpayment, the Trust may be required to foreclose on the property and resell the building, or restructure the terms of the loan and extend the maturity date.

   In April, 1992 the Trust received an appraisal report for the office buildings indicating a new roof was needed, expenditures for tenant improvements required, as well as significant expenses for asbestos abatement during and after the replacement of the roof and construction of new tenant improvements, because asbestos containing materials would be disturbed. Due to the condition of the building, and the continuing deterioration of the local real estate market, further declines in the value of the property may occur, necessitating additional write downs of the current book value. Expenditures by the Trust may also be required for building repairs and leasing, as well as other operating revenues. such expenditures will have an adverse effect on the results of future operations.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended June 30, 1992 the operating revenues of the Trust were derived from interest on short-term investments amounting to $11,000. For the same period in 1991 they were derived from interest on the mortgage loan, amounting to $37,000, and interest on short-term investments amounting to $23,000.

The liquidity of the Trust continues to be excellent. The Trust has no debt.

Part II. OTHER INFORMATION

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Citinational Development Trust
(Registrant)

August 13, 1992

J. F. Schulte, Vice President

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

I
92-2241

(Mark One)*
[X] Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 1992 or

[ ] Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from __________ to __________.

Commission File No. 0-7152

Microfilmed
By
Q-Data
Corporation
St. Petersburg, FL

DEVCON INTERNATIONAL CORP.
(Exact name of Registrant as specified in its charter)

FLORIDA
(State or other jurisdiction of incorporation or organization)

59-0671992
(I.R.S. Employer Identification No.)

1350 E. NEWPORT CENTER DRIVE, SUITE 201, DEERFIELD BEACH, FL
(Address of principal executive offices)

33443
(Zip Code)

Registrant's telephone number, including area code:

(305) 429-1500

Securities registered pursuant to section 12(g) of the Act:

COMMON STOCK, $.10 PAR VALUE
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

YES ____XX____ NO __________

As of June 30, 1992, the number of shares outstanding of the Registrant's Common Stock was 4,352,677.

DEVCON INTERNATIONAL CORP.
AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

DEVCON INTERNATIONAL CORP.
AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 1992 and December 31, 1991

	June 30, 1992 (Unaudited)	December 31, 1991 (Audited)
ASSETS		
Current assets		
Cash	$ 313,249	553,334
Cash equivalents	1,640,409	2,725,724
Receivables, net	23,798,678	23,128,424
Costs in excess of billings and estimated earnings	2,370,020	1,320,015
Inventories	8,591,826	8,186,654
Other	892,776	903,556
Total current assets	37,606,958	36,817,707
Property, plant and equipment, net	51,582,724	50,703,610
Investments in unconsolidated joint ventures and affiliates	1,804,489	1,782,489
Advances to unconsolidated joint ventures and affiliates	1,667,334	1,667,369
Receivables, net	15,114,075	15,510,606
Intangible assets, net of amortization	54,667	87,467
Other assets	1,134,450	1,083,829
	$108,964,697	107,653,077

See accompanying notes to consolidated financial statements.

DEVCON INTERNATIONAL CORP.
AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 1992 and December 31, 1991

	June 30, 1992 (Unaudited)	December 31, 1991 (Audited)
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable to banks	$ 4,715,913	4,223,990
Current portion of long-term debt	6,946,113	6,772,388
Accounts payable, trade and other	7,152,354	6,317,430
Accrued taxes, other than income taxes	387,385	427,201
Accrued expenses and other liabilities	2,469,615	3,773,849
Billings in excess of costs and estimated earnings	641,224	328,728
Income taxes	14,459	28,297
Net liabilities of discontinued operations	1,850,157	1,826,990
Total current liabilities	24,177,220	23,698,873
Long-term debt, excluding current portion	11,053,152	11,314,510
Minority interest in consolidated subsidiaries	597,742	585,262
Deferred income taxes	1,909,800	1,990,000
Total liabilities	37,737,914	37,588,645
Stockholders' Equity		
Common stock, $0.10 par value. Authorized 15,000,000 shares; issued and outstanding 4,352,677 shares	435,267	434,267
Additional paid-in capital	11,120,550	11,098,250
Retained earnings	59,670,966	58,531,915
Total stockholders' equity	71,226,783	70,064,432
	$ 108,964,697	107,653,077

See accompanying notes to consolidated financial statements.

DEVCON INTERNATIONAL CORP.
AND SUBSIDIARIES

Consolidated Statements of Earnings and Retained Earnings
Three Months Ended June 30, 1992 and 1991 and
Six Months Ended June 30, 1992 and 1991
(Unaudited)

	Three Months Ended June 30, 1992	Three Months Ended June 30, 1991	Six Months Ended June 30, 1992	Six Months Ended June 30, 1991
Revenues:				
Contracting	$10,544,234	$12,756,661	$17,506,178	$25,658,442
Concrete and related products	11,041,602	13,709,008	22,491,519	26,673,411
Total revenues	21,585,836	26,465,669	39,997,697	52,331,853
Cost of contracting	9,492,105	11,782,390	16,151,380	23,480,553
Cost of concrete and related products	8,445,801	9,043,106	16,262,986	17,582,435
Gross profit	3,647,930	5,640,173	7,583,331	11,268,865
Selling, general & administrative expenses	2,876,971	2,292,105	5,503,519	4,462,990
Operating income	770,959	3,348,068	2,079,812	6,805,875
Other income (deductions):				
Equity in earnings (losses) of unconsolidated joint ventures and affiliates	-	25,000	-	55,000
Gain (loss) on sale of equipment	3,306	30,000	16,363	31,835
Interest expense	(294,918)	(573,515)	(711,637)	(1,138,069)
Interest and other income	143,240	225,108	320,759	484,981
Minority interest	-	-	(11,480)	-
Total other income (deductions)	(148,372)	(293,407)	(385,995)	(566,253)
Earnings before income taxes	622,587	3,054,661	1,693,817	6,239,622
Income taxes	60,000	146,000	120,000	269,000
Income From Continuing Operations	562,587	2,908,661	1,573,817	5,970,622
Loss From Discontinued Operations	-	(298,461)	-	(410,297)
Net Earnings	562,587	2,610,200	1,573,817	5,560,325
Retained earnings, beginning of period	59,325,011	63,814,156	58,531,915	61,080,209
Dividends paid	(217,632)	(216,177)	(434,766)	(432,355)
Retained earnings, end of period	$59,670,966	$66,208,179	$59,670,966	$66,208,179

DEVCON INTERNATIONAL CORP.
AND SUBSIDIARIES

Consolidated Statements of Earnings and Retained Earnings

Three Months Ended June 30, 1992 and 1991 and
Six Months Ended June 30, 1992 and 1991

(Unaudited)

	Three Months Ended June 30, 1992	Three Months Ended June 30, 1991	Six Months Ended June 30, 1992	Six Months Ended June 30, 1991
Earnings (loss)per share				
Continuing operations	0.12	0.64	0.35	1.31
Discontinued operations	$ -	(0.07)	-	(0.09)
	$ 0.12	0.57	0.35	1.22

See accompanying notes to consolidated financial statements.

DEVCON INTERNATIONAL CORP.
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Six Months Ended June 30, 1992 and 1991

	1992	1991
Cash flows from operating activities:		
Net income	$ 1,573,817	5,560,325
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,538,343	2,937,884
Increase (Decrease) in deferred income taxes	(80,200)	217,000
(Increase) Decrease in equity in losses of unconsolidated joint ventures and affiliates	(22,000)	104,399
Gain on sale of equipment	(16,361)	(1,834)
Increase (Decrease) in minority interest	12,480	(166,959)
Cash flows from operating activities:		
Decrease in receivables, net	(241,531)	(3,276,273)
Increase in costs in excess of billings	(1,050,005)	(95,556)
Increase in inventories	(405,172)	(308,371)
(Increase) Decrease in other current assets	10,780	(736,612)
(Increase) Decrease in other assets	(50,622)	284,050
Increase (Decrease) in accounts payable, trade and other	(174,937)	3,232,442
Increase (Decrease) in billings in excess of costs	312,497	(2,753,955)
Net cash provided by operating activities	$ 3,407,089	4,996,540

(Continued)

DEVCON INTERNATIONAL CORP.
AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)
Six Months Ended June 30, 1992 and 1991

	1992	1991
Cash flows from investing activities:		
Purchase of property, plant and equipment	$(4,462,154)	(4,993,381)
Proceeds from disposition of property, plant and equipment	93,860	5,928
Advances to affiliates	35	(167,190)
Issuance of notes	(419,972)	(1,643,442)
Payments received on notes	431,422	1,635,944
Net investing activities of discontinued operations	23,167	-
Net cash used in investing activities	(4,333,642)	(5,162,141)
Cash flows from financing activities:		
Proceeds from debt	2,516,195	1,147,190
Principal payments on debt	(2,603,828)	(2,564,067)
Proceeds from notes payable to banks	1,875,000	2,011,881
Payments on notes payable to banks	(1,383,077)	-
Payments for dividends	(434,768)	(432,355)
Net borrowings from bank overdrafts	(368,369)	(462,205)
Net cash provided by (used in) financing activities	(398,847)	(299,556)
Net (decrease) increase in cash and cash equivalents	(1,325,400)	(465,157)
Cash and cash equivalents at beginning of period	3,279,058	10,825,663
Cash and cash equivalents at end of period	$ 1,953,658	10,360,506

DEVCON INTERNATIONAL CORP.
AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

Six Months Ended June 30, 1992 and 1991

Supplemental disclosures of cash flow information:

Cash paid for:		
Interest	$ 983,283	1,413,890
Income taxes	$ 80,067	431,500

See accompanying notes to consolidated financial statements.

DEVCON INTERNATIONAL CORP.
AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries.

The accounting policies followed by the Company are set forth in Note (1) to the Company's financial statements included in its Annual Report on Form 10-K for the fiscal year ended December 31, 1991 ("1991 10-K").

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly the Company's financial position as of June 30, 1992 and December 31, 1991, and the results of its operations for the three and six months ended June 30, 1992 and 1991 and cash flows for the six months ended June 30, 1992 and 1991. Certain reclassifications relating to cost of contracting and cost of concrete and related products have been made to prior quarter's financial statements to conform to the June 30, 1992 presentation. The financial statements for the quarter ended June 30, 1991 have been restated to reflect the marina operation as a discontinued operation.

The results of operations for the six months ended June 30, 1992 are not necessarily indicative of the results to be expected for the full year.

On March 28, 1990, the Company announced that it would begin paying quarterly cash dividends of five cents per share. The dividend for the first quarter, 1990, was paid on April 18, 1990, to shareholders of record on March 29, 1990. The Company announced on July 24, 1992 that it would suspend the payment of cash dividends, beginning with the payment that would otherwise have been made in the first quarter of 1993.

Discontinued Operations

A subsidiary of the Company is a 50 percent joint venture partner in a Virgin Islands general partnership formed in 1988 to construct and operate a marina on a 4.92 acre parcel of land leased by the joint venture from the United States Virgin Islands government. The lease is for a term of 20 years commencing in 1991 and contains a renewal option for an additional 10 years. The joint venture obtained a $5 million construction loan in June 1989 and completed construction of the marina dock and fuel facilities in December 1989. As required under the joint venture agreement, the Company's subsidiary and the Company guaranteed the construction loan. The marina opened for business in January 1990 and construction of the office and retail space was completed in November 1990.

For the year ended December 31, 1990, the joint venture reported a loss of approximately $811,000, of which the Company was allocated 50 percent. Under the joint venture agreement, the partners were required to advance working capital loans to the joint venture. The Company's partner was unable to fund its share of the loans and the Company loaned its partner the funds necessary to make such advances. Its joint venture partner has not repaid such advances as required, and pursuant to the terms of the joint venture agreement, the Company may convert such advances into a 30 percent equity interest in the joint venture, giving the Company an 80 percent and controlling interest in the joint venture. Although the Company has not converted such advances into additional equity, the Company, upon replacing management in April 1991, effectively acquired control over the marina operations and began consolidating the marina financial statements with the financial statements of Devcon International Corp. and its other majority owned subsidiaries. The Company was allocated 100 percent of the 1991 loss of approximately $979,000.

Because of its poor operating results and uncertainty as to when it might become profitable, the Company has decided to sell the marina. Accordingly, at December 31, 1991, the marina operation was classified as a discontinued operation for financial statement presentation purposes. The marina assets were written down $2.2 million dollars, to their estimated net realizable value, and a reserve of $1.3 million dollars was established for marina losses for the period from January 1, 1992 to the disposal date. Losses totalling approximately $130,000 for the first six months of 1992 have been charged against this reserve.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CONSOLIDATED RESULTS OF OPERATIONS

Comparison of three months ended June 30, 1992 vs. three months ended June 30, 1991.

Revenues The Company's revenues during the second quarter of 1992 were approximately $21.6 million, as compared to approximately $26.5 million for the same period in 1991. This 18.4% decrease was primarily due to decreases in the Company's land development contracting division revenues in the United States and the Caribbean, and decreases in concrete and related products division revenues in the Caribbean.

The Company's concrete and related products division revenues decreased 19.5% to approximately $11.0 million during the second quarter of 1992 from approximately $13.7 million during the second quarter of 1991. This decrease was primarily due to decreased demand for this division's products on certain Caribbean islands, which was generated by a decline in overall construction activity and increased competition on one Caribbean island.

Revenues from the Company's land development contracting division decreased by 17.3% to approximately $10.5 million during the second quarter of 1992 from approximately $12.8 million during the second quarter of 1991. This decrease was primarily attributable to a decrease in the Company's contracting activities in the Caribbean islands, arising from an overall decrease in construction activity on certain islands, as well as the completion of several large projects and a decline in revenues generated by the Florida land development contracting division. Revenues from the Caribbean land development contracting division decreased to approximately $2.5 million for the second quarter of 1992 from approximately $4.3 million for the same period in 1991. Revenues from the Florida land development contracting division decreased to approximately $8.0 million for the second quarter of 1992 from approximately $8.5 million for the same period in 1991, primarily as a result of completing previously backlogged work.

Cost of Contracting Cost of contracting as a percentage of land development contracting revenues decreased to approximately 90.0% in the second quarter of 1992 from approximately 92.4% in the second quarter of 1991. This decrease is primarily attributable to the recognition of profits on certain contracts by the Florida land development contracting division and the closing of certain Florida contracts which had significant cost overruns in prior periods. In addition, the Company's gross margins are also affected by the varying profitability levels of individual contracts and the stage of completion of such contracts.

Cost of Concrete and Related Products Cost of concrete and related products as a percentage of concrete and related products revenues increased to approximately 76.5% in the second quarter of 1992 from approximately 66.0% in the second quarter of 1991. This increase was primarily attributable to significant employee termination costs incurred by the Company and the decrease in revenues recognized which has resulted in an underabsorption of fixed operating costs.

SG&A Expense Selling, general and administrative expense ("SG&A expense") increased to approximately $2.9 million during the second quarter of 1992 from approximately $2.3 million during the second quarter of 1991. This increase was primarily attributable to increases in insurance premiums, legal fees and expenses related to the hiring of several new management employees in the United States and certain Caribbean subsidiaries. As a percentage of revenue, SG&A expense increased to 13.3% for the second quarter of 1992 from 8.8% for the second quarter of 1991. This percentage increase was primarily attributable to the decline in revenues recognized and increase in SG&A expenses actually incurred.

Divisional Operating Income Operating income decreased to approximately $772,000 during the second quarter of 1992 from approximately $3.3 million during the second quarter of 1991. The Company's concrete and related products division operating income decreased to approximately $1.1 million during the second quarter of 1992 from approximately $3.3 million during the second quarter of 1991. This decrease is primarily attributable to decreases in revenues in the Caribbean operations, coupled with a higher cost of sales in certain Caribbean operations.

The Company's land development contracting division operating income increased to an income of approximately $132,000 during the second quarter of 1992 as compared to income of approximately $37,000 during the second quarter of 1991. This increase is primarily attributable to a reduction in losses incurred by the Florida contracting division.

Equity in Earnings (Losses) of Unconsolidated Joint Ventures and Affiliates Equity in Earnings of unconsolidated joint ventures and affiliates was zero during the second quarter of 1992 as compared to income of $25,000 during the second quarter of 1991.

Interest Expense Interest expense, net of interest capitalized on self constructed assets decreased to $294,918 during the second quarter of 1992 from $573,515 during the second quarter of 1991. This decrease was primarily due to a reduction in interest rates on debt outstanding, retirement of certain installment debt and the capitalization of approximately $140,000 of interest during the second quarter of 1992.

Interest and Other Income Interest and other income decreased to $143,240 in the second quarter of 1992 from $225,108 in the second quarter of 1991. This decrease was due primarily to a decrease in the amount of the Company's short-term investments and a decrease in interest rates on such investments.

Minority Interest Minority interest expense was zero in both the second quarters of 1992 and 1991.

Income Taxes Income taxes decreased to $60,000 for the second quarter of 1992 from $146,000 for the second quarter of 1991. This is due to the decrease in earnings and a reduction of the related income tax provision for such earnings. Income taxes as a percentage of earnings before income taxes was approximately 9.6% in the second quarter of 1992 as compared to approximately 4.9% in the second quarter of 1991. The effective tax rate varies depending on the level of the Company's earnings in the various tax jurisdictions in which it operates.

Net Earnings The Company's net earnings decreased to approximately $563,000 during the second quarter of 1992 from approximately $2.9 million for the same period in 1991. This decrease is primarily attributable to a reduction of contract volume in the land development contracting division and reductions in sales volumes and profit margins in the concrete and related products division.

Comparison of six months ended June 30, 1992 vs. six months ended June 30, 1991.

Revenues The Company's revenues during the first six months of 1992 were approximately $40.0 million as compared to approximately $52.3 million for the same period in 1991. This 23.6% decrease was primarily due to decreases in the Company's land development contracting revenues in the United States and the Caribbean and decreases in concrete and related products division revenues in the Caribbean.

The Company's concrete and related products division revenues decreased 15.7% to approximately $22.5 million during the first six months of 1992 from approximately $26.7 million for the same period in 1991. This decrease was primarily due to decreased demand for this division's products on certain Caribbean islands, which was generated by a decline in overall construction activity and increased competition on one Caribbean island.

Revenues from the Company's land development contracting division decreased by 31.8% to approximately $17.5 million for the first six months of 1992 from approximately $25.7 million for the first six months of 1991. This decrease was primarily attributable to a decrease in the Company's contracting activities in certain Caribbean islands and a decline in revenues generated by the Florida land development contracting division. Revenues from the Caribbean land development contracting division decreased to approximately $5.5 million for the first six months of 1992 from approximately $9.1 million in the first six months of 1991. Revenues from the Florida land development contracting division decreased to approximately $12.0 million for the first six months of 1992 from approximately $16.5 million for the same period in 1991.

Cost of Contracting Cost of contracting as a percentage of land development contracting revenues was approximately 92.3% during the first six months of 1992 and approximately 91.5% for the same period in 1991. This increase is attributable to the decrease in Florida construction activity in general, increased competition for work available, which results in lower margins on work obtained, and cost overruns on certain Florida and Caribbean contracts. In addition, the Company's gross margins are also affected by the varying profitability levels of individual contracts and the stage of completion of such contracts.

Cost of Concrete and Related Products Cost of concrete and related products as a percentage of concrete and related products revenues was approximately 72.3% for the first six months of 1992 as compared to approximately 65.9% for the same period in 1991. This increase was primarily attributable to significant employee termination costs incurred by the Company and the decrease in revenues recognized, which has resulted in an underabsorption of fixed operating costs.

SG&A Expense Selling, general and administrative expense ("SG&A expense") increased by 23.4% to approximately $5.5 million during the first six months of 1992 from approximately $4.5 million during the first six months of 1991.

This increase was primarily attributable to increases in insurance premiums, legal fees and expenses related to the hiring of several new management employees in the United States and certain Caribbean subsidiaries. SG&A expense as a percentage of revenue increased to 13.8% during the first six months of 1992 from 8.5% during the first six months of 1991. This percentage increase was primarily attributable to the decline in revenues recognized and increase in SG&A expense actually incurred.

Divisional Operating Income Operating income decreased to approximately $2.1 million during the first six months of 1992 from approximately $6.8 million during the same period in 1991. The Company's concrete and related products division operating income decreased 48.7% to approximately $3.3 million for the first six months of 1992 from approximately $6.3 million for the first six months of 1991. This decrease is primarily attributable to decreases in revenues of certain Caribbean operations, coupled with a higher cost of sales on certain Caribbean operations.

The Company's land development and contracting division operating income decreased 170.0% to a loss of approximately $346,000 during the first six months of 1992 from income of approximately $494,000 during the first six months of 1991. This decrease is primarily attributable to the losses incurred by the Florida contracting division along with reductions in contracting activity in the Caribbean.

Equity in Earnings (Losses) of Unconsolidated Joint Ventures and Affiliates Equity in Earnings of unconsolidated joint ventures and affiliates was zero for the first six months of 1992 as compared to income of $55,000 for the first six months of 1991.

Interest Expense Interest expense decreased to $711,637 during the first six months of 1992 from $1,138,069 during the first six months of 1991. This decrease was primarily due to a reduction in the interest rates on debt outstanding, retirement of certain installment debt, and the capitalization of approximately $140,000 of interest during 1992.

Interest and Other Income Interest and Other Income decreased to $320,759 during the first six months of 1992 from $484,981 during the first six months of 1991. This decrease was substantially attributable to a decrease in the Company's short-term investments as a result of non-financed fixed asset additions and increases in accounts receivable, and in additon, decreases in interest rates on investments.

Minority Interest Minority interest expense was $11,480 for the first six months of 1992 as compared to zero for the first six months of 1991. This increase was attributable to the recognition of a minority interest liability that had been previously recognized on an annual basis only.

Income Taxes Income taxes decreased to $120,000 for the first six months of 1992 from $269,000 for the first six months of 1991. This decrease is due to the decrease in earnings and a reduction of the related income tax provision for such earnings. Income taxes as a percentage of earnings before income taxes was approximately 7.1% for the first six months of 1992 as compared to approximately 4.3% for the same period in 1991. The effective tax rate varies depending on the level of the Company's earnings in the various tax jurisdictions in which it operates.

Net Earnings The Company's net earnings decreased approximately 73.3% from the first six months of 1992 as compared to the same period in 1991. This decrease in net earnings to approximately $1.6 million during the first six months of 1992 from approximately $6.0 million for the first six months of 1991 was primarily attributable to significantly higher losses in the Company's United States land development contracting division, a reduction in Caribbean contract revenues and profits and decreased sales volume and lower profits in the concrete and related products division.

Liquidity and Capital Resources

In the land development contracting business, the Company often must expend considerable amounts of funds for equipment, labor and supplies to meet the needs of particular projects. The Company's capital needs are greatest at the start of any new contract, since the Company generally must complete 45 to 60 days of work before receiving the first progress payment. Periodic contract payments may not necessarily cover the Company's cash outlays then made to date. In addition, as a project continues, a portion of the progress billing is usually withheld as retainage until all work is complete, further increasing the need for capital. Therefore, as the volume of work in process increases, the Company's capital needs correspondingly increase. With respect to the Company's concrete and related products division, accounts receivable are typically outstanding for a minimum of 60 days and in some cases much longer.

At June 30, 1992, the Company's working capital was approximately $13.4 million, as compared to approximately $13.1 million at December 31, 1991. Although the Company reported net earnings of approximately $1.6 million for the six months ended June 30, 1992, working capital only increased by approximately $300,000, primarily because the Company had purchases of property, plant and equipment of approximately $4.5 million, of which approximately $2.5 was financed. The Company is evaluating its current equipment inventory and is attempting to sell certain items of equipment which are not currently needed in its business operations.

Notes receivable at June 30, 1992 include approximately $15.2 million, net due the Company pursuant to certain promissory notes delivered to the Company in connection with a construction contract with the Government of Antigua, approximately $2.6 million of which is classified as a current receivable. Scheduled payments call for both quarterly and monthly principal and interest payments until maturity in 1997. The Government of Antigua has routinely made the required quarterly payments aggregating $2 million per year but has made only some of the required monthly payments. The Company does not presently anticipate material increases in or accelerations of payments by the Government of Antigua.

Current assets at June 30, 1992 included approximately $1.3 million of cash and cash equivalents held by certain Caribbean subsidiaries of the Company; if such funds are distributed to the Company's United States operations, the Company may be subject to statutory United States Federal income tax on any amounts so distributed. The Company intends to permanently invest these monies offshore of the United States and to use such funds in connection with Caribbean operations and ventures.

Historically, the Company has funded its capital needs from operations. Net cash provided by operating activities was approximately $3.4 million for the six months ended June 30, 1992 and $5.0 million for the six months ended June 30, 1991. In comparison, net cash used by investing activities was approximately $4.3 million and $5.2 million for the six months ended June 30, 1992 and June 30, 1991, respectively. Increases or decreases in net cash provided by operating activities have generally been due to increases or decreases in the Company's net earnings, while increases or decreases in net cash used by investing activities are primarily related to the issuance of notes receivable, advances to affiliates, purchase or installation of equipment and facilities and, to a lesser extent, the replacement of or additions to such equipment or facilities.

At June 30, 1992, the Company had revolving unsecured lines of credit in the amount of $5 million and $1 million from commercial banks in South Florida and the Caribbean, respectively, and the Company had approximately $4.7 million of borrowings outstanding under these lines of credit. Borrowings outstanding under the $5 million line of credit, which expires in August 1992, bear interest at the lesser of (a) the prime rate or (b) LIBOR plus two percent. Borrowings outstanding under the Company's $1 million line of credit, which expires in November 1992, bear interest at the prime rate plus one quarter of one percent. At June 30, 1992, the Company had approximately $4.3 million of borrowings outstanding under the $5 million line of credit and $375,000 of borrowings outstanding under the $1 million line of credit. The interest rate on indebtedness outstanding at June 30, 1992, was 6.0% under the $5 million line of credit and 6.75% under the $1 million line of credit. In December 1989, the Company entered into a $2 million unsecured line of credit pursuant to which interest only is paid until June 30, 1992, at which time borrowings outstanding will be converted into a 36-month term loan. Borrowings outstanding bear interest at the prime rate plus one quarter of one percent. The interest rate on indebtedness outstanding at June 30, 1992 was 6.75% and the Company had approximately $2 million of borrowings outstanding. In October 1990, the Company entered into a $2 million unsecured 48-month term loan. Borrowings outstanding bear interest at the prime rate. The interest rate on indebtedness outstanding at June 30, 1992 was 6.5% and the Company had approximately $1.2 million of borrowings outstanding.

The loss incurred by the Company for the year ended December 31, 1991 has placed the Company in violation of certain loan covenants. The applicable lenders have waived these violations through March 30, 1992 and March 31, 1992, however, there is no assurance that future violations will be waived. Any such waiver would depend upon the Company's results of operations and other factors. As the Company is presently in violation of certain covenants and has not received a waiver of future violations through the end of 1992, the $2 million unsecured line of credit has been reclassified from a long-term to a current liability. In the event required waivers are not obtained, the lenders would have a number of remedies available, including acceleration of payment. Although there is no assurance, the Company believes it could find alternative sources of financing, if necessary.

The Company purchases equipment from time to time as needed and has historically used several lenders to finance the purchase of equipment. At present, management believes that the Company's inventory of equipment is adequate for its current contractual commitments. Accordingly, other than normal equipment replacements and additions, management does not anticipate having to make a substantial investment in new equipment during the current year. The Company has available three secured lines of credit from commercial banks in both South Florida and the Caribbean. Amounts outstanding under a $7 million line of credit bear interest at the lesser of the prime rate or LIBOR plus 2%; amounts outstanding under the Company's $2 million line of credit bear interest at the prime rate; and amounts outstanding under the Company's $1 million line of credit bear interest at the prime rate plus one quarter of one percent. All of these lines of credit are secured by specific equipment, with the borrowed amount not to exceed the lesser of 100 percent of the purchase price or market value of the equipment in the case of the $7 million line of credit and 80 percent of the purchase price or market value of the equipment in the case of the other two lines of credit. Initial principal balances due under these lines are repaid equally over a 48-month term, with the interest paid monthly. At June 30, 1992, the Company had outstanding borrowings of approximately $2.3 million under these lines, approximately $800,000 of which is outstanding and will be applied against the $7 million dollar line of credit and approximately $1.5 million of which is outstanding and will be applied against the other lines of credit. The Company has also used several other lenders to finance machinery and equipment purchases on an individual asset basis. At June 30, 1992, amounts outstanding to these lenders totalled approximately $5.3 million.

During 1991, the Company's cash flow was adversely affected by the inability of certain customers to promptly pay for goods and services purchased from the Company and the subsequent need for the Company to provide reserves for these amounts. The Company has provided long-term financing to the Government of Antigua, including approximately $8 million financed in 1991, and to certain other customers who have utilized its land development contracting services. The Company has also provided financing for other business ventures from time to time. The nature of the Company's business requires a significant investment in plant and equipment, as was done in 1991, along with the related maintenance and upkeep costs of such equipment.

The Company has funded many of these expenditures out of its current working capital. However, notwithstanding the foregoing and after factoring in the Company's obligations as set forth below, management believes that the Company's cash flow from operations, existing working capital and funds available from lines of credit will be adequate to meet the Company's anticipated needs for operations during the next twelve months.

The Company has contingent obligations and has made certain guarantees in connection with acquisitions, its participation in certain joint ventures, certain employee and construction bonding matters and its receipt of a tax exemption. In connection with its BBW acquisition, the Company agreed to pay the seller annually an amount per unit of certain concrete and stone products sold by the Company in St. Maarten from April 1, 1990 to March 31, 1997, but in no event less than $500,000 per year. In connection with its Tortola acquisition, the Company incurred a $1 million promissory note bearing interest at the prime rate and payable $333,333 per year plus accrued interest.

EFFECT OF INFLATION

During the past three years, inflation has not had a material adverse effect upon the Company. However, substantial inflation and the escalating interest costs associated therewith could have a materially adverse impact on the real estate and construction industries and, correspondingly, the Company. High inflation and resulting high interest rates can lead to a diminishing availability of construction contracts and dramatically increased competition for those contracts that become available. In addition, the level of inflation could adversely impact the Company's profits under long-term fixed-price contracts, although such impact may not be significant because the Company's long-term fixed-price contracts are usually less than two years in duration, and many of such contracts are less than one year in length. In addition to causing a decline in the level of activity in the construction industry, high inflation may also result in increased costs, and such decline in the construction industry and increase in costs could adversely affect the revenues and margins of the Company's concrete and related products division. In response to cost increases, the Company has generally been able to increase the sales prices for concrete and related products, although such increases sometimes lag behind initial cost increases. Substantial increases in the rate of inflation could also affect demand for the Company's concrete and related products that could, in turn, have a materially adverse effect upon the Company's results of operations.

II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is currently a Defendant, along with some of its executive officers and employees, in a legal action filed by Fore Golf, Inc., a subcontractor who was employed on a construction project completed by the company near Orlando, Florida. The action was filed in the Ninth Judicial Circuit Court in Orange County, Florida. Case No. CI 92-5289. The matter is entitled Fore Golf, Inc. vs. Devcon International Corporation, et al.

Fore Golf, Inc. claims compensatory damages of approximately $1.8 million dollars and alleges that the company breached the contract with Fore Golf, Inc. The complaint also contains claims against the company and certain officers and employees for fraud arising out of the contractual relationship. Fore Golf, Inc. is seeking punitive damages in the amount of $5 million dollars in connection with its fraud claim. The company and all other defendants have filed motions to dismiss on the grounds that the complaint fails to state a cause of action and has also moved to strike the claim for punitive damages. The Court has not yet ruled upon all of the pending motions. In the event that the Court does not dismiss the case, the company intends to vigorously defend against the allegations and to file a counterclaim against Fore Golf, Inc. at the appropriate time.

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits - None

b) Reports on Form 8-K - No reports on Form 8-K were filed by the Company during the second quarter of 1992.

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 13, 1992

By: /S/ Donald L. Smith, Jr.
Donald L. Smith, Jr.
President and Chief Executive Officer

Date: August 13, 1992

By: /S/ Walter B. Barrett
Walter B. Barrett
Vice President, Finance and Chief Financial Officer

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Corporation
St. Petersburg, FL

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Year Ended June 30, 1992

Commission File Number 0-8585

Dynamic Homes, Inc.
(Exact Name of Registrant as Specified in its Charter)

Minnesota
(State of Other Jurisdiction Incorporation or Organization)

41-0960127
(I.R.S. Employer Identification Number)

525 Roosevelt Avenue, Detroit Lakes, MN 56501
(Address of Principal Executive Offices)
(Zip Code)

(218) 847-2611
(Registrant's Telephone Number Including Area Code)

"Indicate by check mark whether Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceeding 12 months (or for such shorter period that Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days."

YES X NO ____

As of June 30, 1992, 2,108,930 common shares, par value, $.10 per share, were outstanding.

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PART I.

ITEM 1. Financial Statements

FORM 10-Q
DYNAMIC HOMES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 1992 & 1991
(Unaudited)

	Three Months		Six Months	
	06/30/92	06/30/91	06/30/92	06/30/91
Net Sales	$1,727,400	$1,964,500	$2,966,400	$3,074,100
Cost of Sales	1,324,300	1,443,000	2,279,300	2,349,800
Gross Profit	403,100	521,500	687,100	724,300
Operating Expenses	372,100	454,800	732,300	821,500
Operating Income (Loss)	31,000	66,700	-45,200	-97,200
Other (Income) Expense:				
Interest Expense	25,500	24,100	47,400	47,900
Other, Net	-3,900	-7,900	-19,800	-11,400
Total Other (Income) Expense	21,600	16,200	27,600	36,500
Income (Loss) Before Taxes	9,400	50,500	-72,800	-133,700
State Taxes - AMT (Benefit)	0	0	0	0
Net Income (Loss)	$ 9,400	$ 50,500	$ -72,800	$ -133,700
Earnings (Loss) Per Common Share	$ .00	$ .02	$ -.03	$ -.06
Weighted Average Number of Shares Outstanding for Period	2,108,900	2,108,900	2,108,900	2,108,900
Dividends Per Common Share	None	None	None	None

See notes to condensed consolidated financial statements.

FORM 10-Q
DYNAMIC HOMES, INC. AND SUBSISIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS-JUNE 30, 1992 & DECEMBER 28, 1991
(Unaudited)

ASSETS	June 30, 1992	December 28, 1991
CURRENT ASSETS:		
Cash	$ 4,400	$ 19,600
Accounts Receivable, Less Allowance for Doubtful Accounts, Pledged	304,900	258,500
Notes Receivable-Current Portion (Note 4)	1,900	1,900
Inventories, Pledged (Note 2)	1,239,000	679,200
Prepaid Expenses	58,100	87,200
Total Current Assets	$ 1,608,300	$ 1,046,400
OTHER ASSETS:		
Real Estate - C.F.D. Non-Current (Note 4)	$ 47,800	$ 48,800
Other Assets	31,700	35,100
Total Other Assets	$ 79,500	$ 83,900
PROPERTY, PLANT & EQUIPMENT, at:		
Cost - Pledged in Part	$ 1,907,300	$ 1,871,300
Less - Accumulated Depreciation	-1,351,500	-1,337,900
Net Property, Plant & Equipment	$ 555,800	$ 533,400
Total Assets	$ 2,243,600	$ 1,663,700
LIABILITIES		
CURRENT LIABILITIES:		
Notes Payable	$ 573,600	$ 251,600
Current Portion - Long-Term Debt	140,600	137,500
Accounts Payable	534,900	187,100
Accrued Liabilities	287,600	326,000
Customer Deposits	170,200	69,100
Total Current Liabilities	$ 1,706,900	$ 971,300
LONG-TERM DEBT, Less Current Portion Included Above	$ 510,100	$ 593,200
STOCKHOLDERS' EQUITY		
Common Stock, Par Value $.10 Per Share Authorized, 5,000,000 Shares; Issued and Outstanding, 2,108,930	$ 210,900	$ 210,900
Paid-In-Capital In Excess of Par	58,300	58,300
Retained Earnings (Deficit)	-242,600	-170,000
Total Stockholders' Equity	$ 26,600	$ 99,200
Total Liabilities & Stockholders' Equity	$ 2,243,600	$ 1,663,700

See notes to condensed consolidated financial statements.

FORM 10-Q

DYNAMIC HOMES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30,
(Unaudited)

	1992	1991
Cash Flows From Operating Activities		
Net Loss	$ -72,800	$ -133,700
Adjustments to Reconcile Net Loss to Cash Provided by (Used in) Operating Activities:		
Depreciation	36,500	22,500
Provision for Doubtful Accounts	10,500	3,200
Gain on Sale of Property & Equipment	2,200	0
Change in Assets & Liabilities:		
(Increase) Decrease in Receivables	-56,900	42,900
(Increase) Decrease in Inventories	-559,800	-216,800
(Increase) Decrease in Prepaid Expenses	29,100	23,700
(Increase) Decrease in Other Assets	4,400	5,200
Increase (Decrease) in Accounts Payable	347,800	192,600
Increase (Decrease) in Customer Deposits	101,100	81,300
Increase (Decrease) in Accrued Expenses	-38,400	-28,800
Net Cash Provided by (Used in) Operating Activities	$ -196,300	$ -7,900
Cash Flows From Investing Activities		
Proceeds From Sale of Property & Equipment	3,200	0
Purchase of Property & Equipment	-64,100	-97,900
Net Cash Provided by (Used in) Investing Activities	$ -60,900	$ -97,900
Cash Flows From Financing Activities		
Proceeds From Sale of Common Stock	$ 0	$ 0
Net Borrowings (Payments) on Revolving Credit Agreements & Other Short-Term Financing	322,000	145,600
Principal Payments on Long-Term Borrowings Including Industrial Revenue Bonds	-80,000	-76,100
Proceeds From Long-Term Borrowings	0	0
Net Cash Provided by (Used in) Financing Activities	$ 242,000	$ 69,500
Increase (Decrease) in Cash	$ -15,200	$ -36,300
Cash:		
Beginning	19,600	47,800
Ending	$ 4,400	$ 11,500
Supplemental Disclosures of Cash Flow Information		
Cash Payments for:		
Income Taxes	$ 0	$ 0
Interest	$ 46,900	$ 49,700

See notes to condensed consolidated financial statements.

FORM 10-Q
DYNAMIC HOMES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. UNAUDITED STATEMENTS

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly the financial position of the Company as of June 30, 1992 and December 28, 1991, and the results of operations and cash flows for the six months ended June 30, 1992 and June 30, 1991.

Note 2. INVENTORIES

During interim accounting periods, the Company uses the standard cost method of determining cost of sales and inventory levels. Cost of sales values are determined monthly based on standards for materials, labor and overhead by product mix. Deviations from these standards result in adjustments to the monthly cost of sales amount. Periodic physical inventories are taken during the fiscal year to determine actual inventory and cost of sales. No physical inventory was taken during the second quarter of 1992.

The Breakdown of Inventories is as Follows:

	June 30, 1992	December 28, 1991
Finished Goods	$ 656,100	$ 119,500
Work in Process	107,300	89,000
Raw Materials	475,600	470,700
Total Inventories	$ 1,239,000	$ 679,200

Note 3. BACKLOG OF ORDERS

As of June 30, 1992 and June 30, 1991, the Company's backlog of unfilled orders was approximately $2,116,000 and $1,455,000 respectively. As of December 28, 1991, the Company's backlog of unfilled orders was $692,000.

Note 4. REAL ESTATE

Real estate held for sale was located in Mandan, North Dakota and was acquired as partial consideration, in addition to cash, for a parcel of real estate which the Company sold to the City of Mandan Park District during May of 1988. The acquired real estate consisted of one building (shop and storage) comprising 5,740 square feet and approximately .8 acres of land. On July 23, 1990, the lessee of said real estate exercised the option to purchase said property on a Contract for Deed at a purchase price of $60,000 less a down payment of $7,000. Monthly payments of $569.54, including interest at the rate of 10% per annum, commenced on August 1, 1990 and continue for 34 consecutive payments. On July 1, 1993, the existing unpaid principal balance with accrued interest is due and payable. Related holding costs were expensed as incurred and no depreciation was provided.

ITEM 2.

DYNAMIC HOMES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Three Months and Six Months Ended June 30, 1992 and 1991

Results of Operations
Three Months Ended June 30, 1992 and 1991

NET SALES

The Company's revenue for the three months ended June 30, 1992 was $1,727,400 as compared to $1,964,500 for the same period of 1991. The decrease of $237,100 or 12% was primarily related to the multi-family/commercial product line. Single-family revenue remained relatively constant during each period. However, the multi-family/commercial revenue decreased from $522,000 during the second quarter of 1991 to $330,000 for 1992. The revenue decrease of $192,000 for 1992 is associated with a motel project of approximately $500,000 which was produced and available for set during the second quarter; but delays in site preparation postponed the anticipated delivery and setting function until the third quarter of 1992.

The Company's order backlog at June 30, 1992 was at $2,116,000, up $661,000 from $1,455,000 at June 30, 1991. New orders continue on a steady basis but the loan approval process has slowed due to the increase in refinancing activities at most lending institutions.

COST OF SALES

The Company's gross profit of $403,100 in 1992 is down $118,400 from the 1991 period. The reduced gross profit resulted from a decrease in revenue and escalating material costs which adversely impacted the cost of sales. Some material costs have begun to soften and gross profits should respond with improved results during the third quarter of 1992.

OPERATING EXPENSES

The Company's operating expenses for the three months ended June 30, 1992 were $372,100, down $82,700 from the $454,800 for 1991. The largest portion of the decrease was related to reductions in advertising and promotional expenses.

OPERATING INCOME/LOSS

The operating profit for the three months ended June 30, 1992 was $31,000 as compared with $66,700 for the 1991 period. The decrease in operating profit is the result of a lower revenue base and gross profit percent during the second quarter of 1992.

NET NON-OPERATING INCOME/EXPENSE

The three month quarters ending June 30, 1992 and June 30, 1991 had similar net expense totals. The major expense component in each quarter consisted of interest expense.

FEDERAL AND STATE INCOME TAXES

There was no provision for Federal and State income taxes in either quarter due to the net loss carryforward.

NET INCOME/LOSS

The company had net income of $9,400 for the second quarter of 1992 versus net income of $50,500 for 1991. The net income realized in 1992 decreased due to a lower revenue base and a decrease in the gross profit percentage realized.

Results of Operations
Six Months Ended June 30, 1992 and 1991

NET SALES

The Company's revenue for the six months ended June 30, 1992 was $2,966,400 as compared with $3,074,100 for 1991. The decrease of $107,700 or 3.5% is attributed to the multi-family/commercial sector. Single-family sales for 1992 increased by $55,300, while multi-family/commercial decreased by $163,000. The multi-family/commercial sector was adversely affected by a delay in the delvery and setting of a motel project. The project should contribute to the third quarter revenue base in lieu of the second quarter as initially anticipated.

COST OF SALES

Gross profit for the first six months of 1992 was $687,100 as compared with $724,300 for 1991. The decrease comes primarily from a decrease in the revenue base and a lower gross profit due to unfavorable pricing on some inventory purchases.

OPERATING EXPENSES

Operating expenses were $732,300 in 1992 as compared with $821,500 for the 1991 period. The $89,200 decrease in operating expenses resulted from curtailments and postponed advertising and promotion expenses and smaller cost reductions in the administrative area.

OPERATING INCOME/LOSS

The Company's operating loss was $45,200 for the 1992 period as compared with an operating loss of $97,200 for the same period of 1991. The improved results reflect the cost reductions in both the marketing and administrative catagories.

NET NON-OPERATING INCOME/EXPENSE

The Company's net non-operating expenses were $27,600 for 1992 and $36,500 for 1991. The major component, interest expense remained constant for both periods. Non-operating income in 1992, increased by $8,400 over 1991 due to monies received from prior period insurance dividends and refunds.

FEDERAL AND STATE INCOME TAXES

There was no provision for Federal and State income taxes in 1992 and 1991 due to the net operating losses carried forward.

NET INCOME/LOSS

The Company's net loss for the six months ended June 30, 1992, was $72,800; an improvement of $60,900 over the $133,700 loss for the first six months of 1991. The net loss per share for 1992 is $0.03 versus a net loss per share of $0.06 for 1991.

Financial Condition
as of June 30, 1992

The Company's working capital decreased to a deficit of $98,600 at June 30, 1992 from a positive working capital of $75,100 at December 28, 1991 and a deficit of $129,400 at June 30,1991. The decrease in working captial during the first six months of 1992 can be attributed to the net loss of $72,800 and a build up of inventory. The increase in inventory is the result of one completed motel project which was reported as finished goods on June 30, 1992. The increase in inventory was feasible by utilizing available supplier payment terms, drawing on the available bank line of credit and customer deposits. Dynamic Homes has an available credit line of $550,000 and had $536,000 outstanding as of June 30, 1992.

The Company continues to meet its obligations on all long-term debt arrangements. Revenue prospects for the third quarter in conjunction with the bank line of credit cause management to believe that the company should have adequate capital for meeting its obligations and sustain a modest level of growth during the remainder of 1992.

PART II.

Items 1, 2, 3, 5 and 6 are omitted as each is either not applicable or the answer to the item is negative.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Shareholders of Dynamic Homes, Inc. was duly called and held on June 8, 1992.

(A) The meeting involved the election of Directors. Those elected were D. Raymond Madison, Gordon H. Lund, Chris T. Dantis, Clyde R. Lund Jr., Israel Mirviss, Ronald L. Gustafson and Peter K. Pichetti. There are no other members of the Board of Directors.

(B) The meeting involved ratification of the appointment of Charles Bailly & Company as independent public accountants for Dynamic Homes, Inc. for the fiscal year ending December 26, 1992. The appointment was ratified.

SIGNATURE

Pursuant to the requirements of the Securites Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: ------------------------

Dynamic Homes, Inc.

(Registrant)

Vern Muzik, President

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended June 30, 1992 Commission File Number 0-17736

ESELCO, INC.
(Name of Registrant)

MICHIGAN
(State of Incorporation)

38-2785176
(I. R. S. Employer Identification Number)

725 East Portage Avenue
Sault Ste. Marie, Michigan 49783
(Principal executive office)

(906) 632-2221
(Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such report) and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

842,154 shares of Common Stock, par value $.01 per share, outstanding as of June 30, 1992

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Corporation
St. Petersburg, FL

ESELCO, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	June 30 1 9 9 2	December 31 1 9 9 1
ASSETS:		
ELECTRIC PLANT, at original cost	$56,971,069	$55,780,973
Less - Accumulated depreciation	20,963,090	19,947,736
	$36,007,979	$35,833,237
Asset acquired under capital lease	3,088,583	3,106,958
	$39,096,562	$38,940,195
CURRENT ASSETS:		
Cash	$55,736	$259,710
Accounts receivable, less reserve of $43,567 and $32,000 respectively	2,896,714	2,306,207
Unbilled revenue	1,177,860	1,177,860
Materials and supplies, at average cost	1,242,240	1,065,163
Prepayments	947,091	1,426,030
	$6,319,641	$6,234,970
OTHER ASSETS:		
Debt expense, being amortized	$82,613	$55,115
Other	284,586	240,828
	$367,199	$295,943
	$45,783,402	$45,471,108
STOCKHOLDERS' INVESTMENT AND LIABILITIES:		
CAPITALIZATION (See Statement):		
Common equity	$13,918,667	$13,538,661
Preferred stock	0	0
Long-term debt (less current portion)	14,591,000	14,577,000
	$28,509,667	$28,115,661
OTHER NONCURRENT LIABILITIES:		
Obligation under capital lease	$3,047,813	$3,068,899
CURRENT LIABILITIES:		
Notes payable	$2,049,500	$1,547,500
Current portion of long-term debt	936,000	631,000
Current portion of lease obligation	40,770	38,059
Accounts payable	2,235,872	2,624,758
Dividends declared	303,175	293,191
Accrued taxes	1,484,648	2,246,514
Current deferred income taxes	295,615	370,815
Accrued interest	254,588	332,816
Other	456,790	132,269
	$8,056,958	$8,216,922
DEFERRED CREDITS:		
Deferred income taxes	$4,172,062	$4,066,862
Unamortized investment tax credit	1,186,504	1,222,504
Other	810,398	780,260
	$6,168,964	$6,069,626
	$45,783,402	$45,471,108

E S E L C O, INC.
CONSOLIDATED STATEMENT OF CAPITALIZATION

			June 30 1992		December 31 1991	
			AMOUNT	%	AMOUNT	%
COMMON EQUITY:						
Common stock, par value $.01 per share						
	1992	1991				
Authorized Shares	3,000,000	3,000,000				
Outstanding Shares	842,154	814,419	$8,422		$8,144	
Capital surplus			10,677,314		9,815,855	
Retained earnings			3,232,931		3,714,662	
			$13,918,667	49%	$13,538,661	48%
PREFERRED STOCK, value $.01 per share, authorized 160,000 shares			$0	0%	$0	0%
LONG-TERM DEBT of Subsidiary (less current portion)						
First Mortgage Bonds:						
Series C, 4.75%, due 1996			$715,000		$715,000	
Series D, 7.00%, due 1998			903,000		915,000	
Series E, 11.25%, due 1995			0		1,484,000	
Series F, 10.31%, due 2001			2,400,000		2,700,000	
Series G, 10.25%, due 2009			5,700,000		5,850,000	
Series H, 7.90%, due 2002			2,700,000		0	
8.25% Debentures, due 1995			735,000		735,000	
Energy Thrift Notes, 7%-10%, due 1993-1998			1,438,000		1,458,000	
10.50% Promissory Note, due 1999			0		720,000	
			$14,591,000	51%	$14,577,000	52%
Total Capitalization			$28,509,667	100%	$28,115,661	100%

ESELCO, INC.

CONSOLIDATED STATEMENT OF INCOME

	The Three Months Ended June 30,		The Six Months Ended June 30,		The Twelve Months Ended June 30,	
	1992	1991	1992	1991	1992	1991
OPERATING REVENUES	$7,459,056	$6,635,273	$15,389,441	$14,980,989	$29,478,509	$29,060,316
OPERATING EXPENSES:						
Operation - Purchased power	$3,572,973	$2,957,110	$7,527,315	$7,400,077	$14,152,229	$14,138,955
- Other	1,396,874	1,347,202	2,815,325	2,694,916	5,477,846	5,369,383
Maintenance	576,562	455,333	1,138,727	888,483	2,056,690	1,801,270
Depreciation and amortization	515,409	532,741	1,029,059	1,075,179	2,095,139	2,070,017
Property and other taxes	405,700	395,600	809,800	789,600	1,585,969	1,574,687
Income taxes	165,200	175,000	345,800	406,500	615,092	750,988
Total operating expenses	$6,632,718	$5,862,986	$13,666,026	$13,254,755	$25,980,965	$25,705,300
Net operating income	$826,338	$772,287	$1,723,415	$1,726,234	$3,497,544	$3,355,016
OTHER INCOME (DEDUCTIONS), NET	($15,571)	($20,096)	($50,416)	($33,654)	($82,262)	($46,546)
ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION	$0	$0	$0	$0	$0	$0
INTEREST CHARGES:						
Interest on long-term debt	$349,546	$375,927	$704,189	$749,509	$1,450,580	$1,511,831
Other interest	35,587	40,921	88,152	71,411	173,143	107,057
Total interest charges	$385,133	$416,848	$792,341	$820,920	$1,623,723	$1,618,888
NET INCOME AVAILABLE FOR COMMON STOCK	$425,634	$335,343	$880,658	$871,660	$1,791,559	$1,689,582
EARNINGS PER AVERAGE SHARE OF COMMON STOCK	$0.51	$0.40	$1.05	$1.05	$2.14	$2.05
CASH DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	$0.36	$0.35	$0.71	$0.69	$1.41	$1.37
AVERAGE COMMON SHARES OUTSTANDING	841,318	831,505	840,411	828,399	838,499	822,813

ESELCO, INC.
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED JUNE 30, 1992 AND 1991

	1992	1991
NET CASH FLOWS FROM (USED BY):		
OPERATING ACTIVITIES:		
Net income	$880,658	$871,660
Noncash expenses, revenue, losses and gains included in income		
Depreciation and amortization	1,064,102	1,099,168
Deferred taxes and charge equivalent to investment tax credit, net of amortization	(6,000)	(16,200)
Net decrease (increase) in receivables and unbilled revenue	(590,507)	(31,560)
Net decrease (increase) in materials and supplies and prepayments	301,862	373,467
Net increase (decrease) in accounts payable, accrued taxes, and other current liabilities	(826,231)	(1,560,145)
Increase (decrease)in interest accrued but not paid	(78,228)	3,443
Other	(14,499)	(12,641)
Net cash from operating activities	$731,157	$727,196
INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	($1,265,942)	($2,064,496)
Proceeds from disposals of property, plant and equipment	36,098	33,579
Net cash used by investing activities	($1,229,844)	($2,030,917)
FINANCING ACTIVITIES:		
Proceeds of short-term debt	$8,947,000	$9,470,000
Payments to settle short-term debt	(8,445,000)	(8,125,000)
Issuance of long-term debt (net)	2,983,502	0
Payments on long-term debt	(2,701,000)	(111,000)
Proceeds from sale of common stock	107,268	304,046
Dividends paid	(597,057)	(572,990)
Net cash used by financing activities	$294,713	$965,056
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	($203,976)	($338,667)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	259,710	418,607
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$55,736	$79,940
INTEREST PAID	$895,700	$828,861
INCOME TAXES PAID	$900,000	$400,000

ESELCO, INC.

NOTES TO FINANCIAL STATEMENTS

(1) These consolidated financial statements include the accounts of ESELCO, Inc. and its wholly owned subsidiaries, Edison Sault Electric Company and Northern Tree Service, Inc. All significant intercompany balances and transactions had been eliminated in consolidation. The consolidated financial statements as of June 30, 1992 and 1991 included herein, which are unaudited, reflect in the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the results of operations for the periods presented. Sales of electricity, of the Company's major subsidiary, are affected to some degree by variations in weather conditions, and results of operations for interim periods are not necessarily indicative of results to be expected for the entire year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to rules and regulations of the Securities and Exchange Commission, although the Company believes that the disclosures which are made are adequate to make the information presented not misleading. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and the notes thereto included in ESELCO, Inc. 1991 Annual Report on Form 10K, which incorporates by reference the financial statements in the 1991 Annual Report to Shareholders.

ESELCO, INC

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Three Months Ended June 30, 1992 and 1991

Total operating revenues for the second quarter of 1992 were 12% above a year ago while total kilowatt hour sales increased 4%. Over two-thirds of the increase in operating revenues represent the pass through of increased purchased power costs to our customers.

During the second quarter of 1992, we have had increased sales to all classes of customers. The increases in the residential and commercial area are the result of increased customers and increased use per customer in part caused by the colder than normal weather. The increase in industrial sales is the result of the resumption of production at the Inland quarry by Pfizer Specialties Materials, Inc.

Purchased power costs for the second quarter of 1992 increased 21% over the 1991 level. This increase is the result of rate increases from two of our suppliers partially offset by reduced requirements because of increased hydro generation during the period.

Total other operating and maintenance expenses increased 10% during the second quarter of 1992. The largest increase is the major maintenance program which is presently underway and includes a study of the hydro canal.

Depreciation and amortization is 3% less than last year because we have written off the acquisition adjustment associated with the 1989 customer acquisition from Wisconsin Electric. These customers are currently being billed the same rates as our other customers.

Based on the above changes net income available for common stock increased 27% or $90,000 during the second quarter of 1992. This increase was equal to 11¢ per average share of common stock outstanding.

Six Months Ended June 30, 1992 and 1991

Operating revenues for the first half of 1992 were 3% above a year ago. This is largely the result of a 6% increase in total sales during the same period. Industrial sales have increased 7% during the first half of 1992 caused in part by the start up operations by Pfizer at the old Inland quarry and increased sales to the Manistique Paper Company. Residential and commercial sales have increased because of increased customers and also increased use per customer due in part to the colder weather which we experienced during 1992.

Purchased power expense has increased 2% even though we've experienced a decrease in purchase power requirements. This has been caused by rate increases from two of our major suppliers.

Other operating and maintenance expenses have increased 10% during this period mainly because of our 1992 maintenance program. In addition, our water for power expense has increased reflecting additional water and higher rates for the water.

Depreciation and amortization charges decreased 4% during the first half of 1992 because we have written off the acquisition adjustment associated with the Wisconsin Electric customer acquisition.

Based on the above changes, net income available for common stock has increased by $9,000 or 1% during the period.

Twelve Months Ended June 30, 1992 and 1991

Operating revenues during the current twelve month period have increased 1% while total sales have increased 4%. During this period, industrial sales have increased 5% while commercial sales are up 4% and residential sales have increased 3%.

Purchased power expenses during the period were the same as a year ago. Increased hydro generation was offset by rate increases from all of our suppliers.

Other operating and maintenance expenses have increased 5% during the current twelve month period mainly because of our increased maintenance program and the increase in the cost of water for power.

Based on the above changes, net income for common stock has increased $102,000 or 6%.

Liquidity and Capital Commitments

The Company has clauses in all of its retail sales tariffs which recover, on a current basis, changes in the cost of purchased power and water for generation. Michigan Public Act 304 allows the Company to regularly file a Power Supply Cost Recovery (PSCR) Plan which provides a mechanism for the recovery of projected purchased power and fuel costs. In addition to reconciling actual costs to projected costs, the law allows for the refunding of overcollections or charging for undercollections, both with interest. While the clause applies specifically to residential and commercial customers, industrial customers are covered under a like arrangement through a separate recovery clause mechanism.

During 1988, the Company reinstituted the Dividend Reinvestment Plan (DRP) for its common stockholders. The DRP was necessary to allow common equity to be brought to acceptable levels as part of the total financing required for ongoing operations. Effective May 1, 1991, the Company no longer offered the cash added portion of the DRP. In addition, the per share price of the DRP was changed from the average of the bid and ask price of the stock to the ask price effective with the August 15, 1991 dividend. At its May, 1992 meeting, the Board of Directors reinstated the cash added portion of the DRP and changed back to pricing out the DRP at the average of the bid and ask price of the stock.

During January, 1992, the Company prepaid the 10.5% Promissory Note and redeemed the Series E, First Mortgage Bonds at a $26,000 premium. In March, 1992 the Company privately placed $3.0 million 7.9% First Mortgage Bonds with a ten year maturity.

During both 1991 and 1990, the Company was able to supply its short-term financing requirement with a bank line of credit and short-term energy thrift notes. The Company has a line of credit with a local bank and has authority to issue short-term energy thrift notes sufficient to meet its financing requirements for 1992.

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 106, Employees Accounting for Postretirement Benefits Other Than Pensions. The Company plans to adopt this statement in 1993. This statement will require accrual of postretirement benefits (such as health care benefits) during the years an employee provides services. The cost of these benefits is currently expensed on a pay-as-you-go-basis. The impact of this new standard has not been fully determined but the change likely will result in significantly greater expense being recognized for provision of these benefits. The Company expects that the increased benefits expense will either be recovered currently through rates or that a regulatory asset will be recorded to reflect amounts to be recovered through rates in the future as the costs are paid, therefore, this Statement should not have a significant impact on the Company's financial position or results of operation.

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109 - Accounting for Income Taxes. The adoption of Statement No. 109 will not have a material impact on the financial position of the Company. The statement is required to be adopted no later than 1993.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) List of Exhibits.

Exhibit No.	Description of Exhibit	Filed	
		Herewith	By Reference
(2)	Plan of acquistions, reorganization, arrangement liquidations or succession	N/A	N/A
(4)	Instruments defining the rights of security holders, including indentures:		
	(a) Mortgage and Deed of Trust as of March 1, 1952 - (a)		*
	(b) Supplemental Indenture dated as of February 1, 1957 - (a)		*
	(c) Second Supplemental Indenture dated as of January 1, 1964 - (a)		*
	(d) Third Supplemental Indenture dated as of February 1, 1968 - (a)		*
	(e) Fourth Supplemental Indenture dated as of September 15, 1975 - (a)		*
	(f) Fifth Supplemental Indenture dated as of October 1, 1986 - (b)		*
	(g) Sixth Supplemental Indenture dated as of April 1, 1989 - (d)		*
	(h) Seventh Supplemental Indenture dated as of February 15, 1992		*
	(i) Debenture Indenture dated as of August 1, 1973 - (a)		*
	(j) Articles of Incorporation of registrant as filed on January 6, 1989 - (d)		*
	(k) Form of Long-Term Energy Thrift Note - (c)		*
(11)	Statement re computation of per share earnings	N/A	N/A
(15)	Letters re unaudited interim financial information	N/A	N/A
(18)	Letter re change in accounting principles	N/A	N/A
(19)	Previously unfiled documents	None	None
(20)	Report furnished to security holders	N/A	N/A
(23)	Published report regarding matters submitted to vote of security holders	N/A	N/A
(24)	Consents of experts and counsel	N/A	N/A
(25)	Power of attorney	N/A	N/A
(28)	Additional exhibits	N/A	N/A

Key to Exhibits Incorporated by Reference:

(a) Filed with the Company's Registration Statement, Form S-16, No. 2-67191, filed April 2, 1980.

(b) Filed with the Company's Form 10-K for 1986, dated March 30, 1987, File No. 0-1158.

(c) Filed with the Company's Registration Statement, Amendment No. 2 to Form S-3, No. 2-67191, filed February 16, 1988.

(d) Filed with the Company's Form 10-Q for June 30, 1989, dated August 11, 1989, File No. 0-17736.

(e) Filed with the Company's Form 10-Q for March 31, 1992, dated May 13, 1992, File No. 0-17736.

Item 6. (b) Reports on Form 8-K

No reports on Form 8-K were filed during the three months ended June 30, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EDISON SAULT ELECTRIC COMPANY
(Registrant)

/s/ William R. Gregory

Date August 12, 1992

WILLIAM R. GREGORY
Its President

/s/ David R. Hubbard

Date August 12, 1992

DAVID R. HUBBARD
Its Vice President - Finance

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

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(Mark One)

X Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended March 31, 1992, or

___ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from __________ to __________.

Commission File Number: 0-8542

ESPERO ENERGY CORPORATION

(Exact name of Registrant as specified in its Charter)

Delaware	64-0345250
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1020 N.E. Loop 410, Suite 330
San Antonio, Texas 78209
(Address of Principal Executive Offices)

Telephone Number: (512) 829-7321
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO ___

The number of shares of the Company's Common Stock outstanding was 12,046,423 at March 31, 1992.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ESPERO ENERGY CORPORATION
AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
As of March 31, 1992, and December 31, 1991

ASSETS

	1992 (Unaudited)	1991
CURRENT ASSETS		
Cash	$ 429,156	$ 542,073
Accounts receivable		
Oil and gas sales	678,175	897,412
Other	94,044	222,851
Other current assets	494,114	193,453
Total current assets	$ 1,695,489	$ 1,855,789
PROPERTY AND EQUIPMENT-at cost using successful efforts accounting		
Producing properties	$10,331,696	$10,581,939
Non-producing leases, royalty and mineral interests	830,513	830,513
Furniture and office equipment	61,668	61,668
Inventory-lease & well equipment	41,246	41,246
Real estate fee land	3,676	3,676
	$11,268,799	$ 11,519,042
LESS accumulated depreciation, depletion and amortization	(6,329,161)	(6,200,002)
	$ 4,939,638	$ 5,319,040
	$ 6,635,127	$ 7,174,829

See accompanying notes.

ESPERO ENERGY CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
As of March 31, 1992, and December 31, 1991

LIABILITIES AND STOCKHOLDERS' EQUITY

	1992 (Unaudited)	1991
CURRENT LIABILITIES		
Accounts payable-Trade	$ 338,576	$ 574,480
Current maturities of long-term debt	1,800,000	1,600,000
Other current liabilities	91,026	64,259
Total current liabilities	$ 2,229,602	$ 2,238,739
NOTES PAYABLE	$ 1,721,299	$ 2,351,422
DEBENTURES PAYABLE	$ 129,060	$ 129,060
DEFERRED TAXES	$ 84,000	$ 84,000
MINORITY INTEREST IN SUBSIDIARY	$ 205,906	$ 206,040
STOCKHOLDERS' EQUITY		
Common stock - $.005 par value; authorized 20,000,000 shares; issued 12,046,423 shares at March 31, 1992, and December 31, 1991	$ 60,232	$ 60,232
Additional paid-in capital	444,421	444,421
Retained earnings	1,814,436	1,714,744
Less: Treasury stock-at cost, 124,293 shares at March 31, 1992, and December 31, 1991	(53,829)	(53,829)
Total equity	$ 2,265,260	$ 2,165,568
TOTAL LIABILITIES AND EQUITY	$ 6,635,127	$ 7,174,829

See accompanying notes.

ESPERO ENERGY CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

	1992	1991
REVENUES		
Sales of petroleum products	$ 1,323,371	$ 1,868,457
Sales of leases and prospects	47,379	1,253
	$ 1,370,750	$ 1,869,710
COSTS AND EXPENSES		
Lease operating expense and production taxes	$ 606,387	$ 660,795
Oil and gas exploration	2,798	41,740
Depreciation, depletion and amortization	331,500	332,100
General and administrative	184,728	187,848
	$ 1,125,413	$ 1,222,483
EARNINGS (LOSS) FROM OPERATIONS	$ 245,337	$ 674,227
OTHER REVENUE (EXPENSE)		
Interest expense	$ (95,902)	$ (157,873)
Miscellaneous	123	16,960
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	$ 149,558	$ 506,314
PROVISION FOR INCOME TAXES		
Current	(50,000)	(164,000)
Deferred	-	-
NET INCOME BEFORE MINORITY INTEREST	$ 99,558	$ 342,314
Minority interest in (earnings) loss of subsidiary	134	(6,813)
NET INCOME	$ 99,692	$ 335,501
AVERAGE COMMON EQUIVALENT SHARES OUTSTANDING	12,046,423	12,046,423
EARNINGS PER SHARE	$ 0.01	$ 0.03

See accompanying notes.

ESPERO ENERGY CORPORATION
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

	1992	1991
Cash flows from operating activities		
Cash received from product sales	$ 1,549,038	$ 2,216,256
Cash paid operators, suppliers and employees	(1,305,052)	(940,545)
Interest received	11,706	19,655
Interest paid	(126,569)	(111,150)
Income taxes (paid) refunded	92,802	(37,456)
Net cash provided by operating activities	$ 221,925	$ 1,146,760
Cash flows from investing activities		
Proceeds from sale of properties	$ 50,749	$ 39,902
Payments to acquire properties	(43,236)	(13,674)
Proceeds attributable to purchase price adjustment	87,768	-
Net cash provided by investing activities	$ 95,281	$ 26,228
Cash flows from financing activities		
Loan repayments to partnerships	$ (368,950)	$ (995,955)
Loan repayments to affiliates	(61,173)	(39,030)
Dividend paid to Preferred Stock holders	-	(15,000)
Net cash used by financing activities	$ (430,123)	$ (1,049,985)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (112,917)	$ 123,003
Cash and cash equivalents at beginning of period	542,073	893,186
Cash and cash equivalents at end of period	$ 429,156	$ 1,016,189
Reconciliation of net earnings to net cash provided by operating activities		
Net earnings	$ 99,692	$ 335,501
Adjustments to reconcile net income to net cash provided by operations		
Depreciation, depletion and amortization	$ 331,500	$ 332,100
Minority interest in income (loss) of subsidiary	(134)	6,813
Gain on sale of assets	(47,379)	-
Decrease in accounts receivable	225,544	329,586
Decrease in Income Taxes Receivable	96,178	-
Increase (decrease) in other assets	(274,339)	2,975
Decrease in accounts payable	(235,904)	(90,583)
Increase (decrease) in current liabilities	(896)	37,446
Increase in income taxes payable	46,624	19,200
Increase (decrease) in interest payable	(18,961)	47,178
Increase in net profits	-	126,544
Total adjustments	$ 122,233	$ 811,259
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 221,925	$ 1,146,760

See accompanying notes.

ESPERO ENERGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying financial statements of Espero Energy Corporation, (the "Company") include the accounts of its subsidiary, Love Petroleum Company ("Love"). As of March 31, 1992, the Company owned approximately 72% of Love. All significant intercompany transactions have been eliminated. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position as of March 31, 1992 and the results of operations and cash flows for the three month period ended March 31, 1992. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the registrants annual report on Form 10-K for the year ended December 31, 1991.

2. NOTES PAYABLE

Notes Payable consist of the following at March 31, 1992 and December 31, 1991:

	1992	1991
Note payable to Pecos Development Corporation at prime, principal and interest due at maturity on June 1, 1992, collateralized by a second lien on working and royalty interests in certain oil and gas producing properties.	$ 79,000	$ 79,000
Note payable to Pecos Development Corporation atprime plus 1-1/2% with principal and interest equal to the greater of 80% of net proceeds from certain oil and gas properties or $15,000, due monthly, balance due March 1, 1992 collateralized by a second lien on working and royalty interest in certain oil and gas properties.	-	61,173

(2) NOTES PAYABLE - Continued

Notes payable to investment partnerships at 11%, payable in monthly installments out of the lesser of 85% of net proceeds from certain oil and gas properties or an agreed upon amount, balance due December 1, 1996 collateralized by working and royalty interests in certain oil and gas properties and real estate fee land.	3,442,299	3,811,249
	$ 3,521,299	$ 5,951,422
Less current maturities	(1,800,000)	(1,600,000)
	$ 1,721,299	$ 2,351,422

On December 15, 1991, the Company entered into an agreement with three investment partnerships managed by Resource Investors Management Company, wherein the partnerships set up a $15,000,000 loan facility under which the Company can draw funds for approved acquisitions. This facility provided for a refinancing of the Company's existing debt and the purchase of oil and gas properties for approximately $1,000,000. This debt is secured by substantially all of the properties of the Company and carries a stated interest rate of 11%.

The new issuance calls for monthly principal and interest payments out of the lesser of 85% of the net production proceeds from the mortgaged properties or an agreed upon amount based upon an approximate 3 year amortization of the current outstanding principal.

3. SUBSEQUENT EVENT

Subsequent to the March 31, 1992 quarter end on April 24, 1992, Registrant purchased undivided interests in forty-two (42) producing oil and gas wells from Unocal Corporation, a corporation unaffiliated with the Registrant, for a total purchase price of approximately $2,382,000. Financing of the acquisition was obtained from three investment partnerships managed by Resource Investors Management Company (RIMCO) under the terms of a $15,000,000 loan facility which was arranged on December 15, 1991. The purchase price was based upon the Registrant's evaluation of estimated future net revenues of the acquired wells. The registrant received an engineering report covering the purchased properties from an independent petroleum engineering firm. Total debt due the RIMCO managed partnerships after this transaction is approximately $5,750,000.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Sales for the three months ended March 31, 1991 were $1,323,371, compared to $1,868,457 for the corresponding period of 1991. This decrease is due to normal production decline of the Company's properties and a decrease in the price received for both oil and natural gas.

Lease Operating Expenses as a percent of sales increased from 35% in 1991 to 46% in 1992. This is due to the decrease in Sales discussed above with little reduction in the number of producing wells and the corresponding cost to operate those wells.

Interest expense decreased from $157,873 in 1991 to $95,902 in 1992 due to the reduction of the Company's outstanding debt from cash generated by operations.

LIQUIDITY AND CAPITAL RESOURCES

Cash decreased by approximately $113,000 from December 31, 1991 to March 31, 1992. This is due to the Company's making a $305,000 deposit on the acquisition discussed in Part II, Item 5 herein. This was offset somewhat by cash provided by operations.

Accounts receivable from oil and gas sales decreased due to the items related to sales mentioned in Results of Operations above.

Accounts payable decreased by approximately $236,000 from December 31, 1991 to March 31, 1992. This is primarily due to timing of paying operator's invoices.

Notes payable are payable from the lesser of 85% of net proceeds from oil and gas properties or an agreed upon amount. Current maturities of long-term debt represents twelve months of the agreed amortization schedule. Funds to pay this amount will be generated from production of the Company's properties and have not been accrued at March 31, 1992 since not earned at that time. Therefore, the majority of current maturities of long term debt will not be paid from current assets.

In order to pursue its anticipated acquisition of oil and gas producing properties, substantial capital expenditures may be required. For this purpose, the Company has arranged a $15,000,000 facility with its current lenders (of which approximately $7,750,000 remains available) by which the Company can acquire producing properties, subject to lender approval. However, there is no assurance that the Company will have funds to make such expenditures whether through cash flow or through borrowings.

PART II

ITEM 5: OTHER INFORMATION

On April 24, 1992, Registrant purchased undivided interests in forty-two (42) producing oil and gas wells from Unocal Corporation, a corporation unaffiliated with the Registrant, for a total purchase price of approximately $2,382,000. Financing of the acquisition was obtained from three investment partnerships managed by Resource Investors Management Company (RIMCO) under the terms of a $15,000,000 loan facility which was arranged on December 15, 1991. The purchase price was based upon the Registrant's evaluation of estimated future net revenues of the acquired wells. The registrant received an engineering report covering the purchased properties from an independent petroleum engineering firm. Total debt due the RIMCO managed partnerships after this transaction is approximately $5,750,000.

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

(A) Exhibits

Exhibit 10.1: Purchase and Sale Agreement dated March 4, 1992

(B) Reports on Form 8-K - None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant had duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ESPERO ENERGY CORPORATION

Kip Gilliland,
President

Gregory E.

Gregory E. Belisle
Controller

Date:

at Q 33531
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FORM 10Q

Securities and Exchange Commission
Washington, D.C. 20549

Form 10Q
☑ Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
or
☐ Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarter ended:	June 30, 1992
Commission file number:	1-8319
Registrant:	**GATX CAPITAL CORPORATION**
State of incorporation:	Delaware
IRS Employer Identification Number:	94-1661392
Address of principal executive offices:	Four Embarcadero Center San Francisco, California 94111 (415) 955-3200
Securities registered pursuant to Section (12b) of the Act:	None
Securities registered pursuant to Section (12g) of the Act:	None
Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days	All Common Stock of Registrant is held by GATX Financial Services, Inc. (a wholly-owned subsidiary of GATX Corporation).
Shares outstanding of each of the Registrant's classes of common stock:	As of July 31, 1992, Registrant has outstanding 1,031,250 shares of $1 par value Common Stock.

THE REGISTRANT MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION H(1)(a) AND (b) OF FORM 10-Q AND IS THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT.

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Q-Data Corp. - St. Petersburg, FL

A

PART I. FINANCIAL INFORMATION

GATX CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in Thousands)

	June 30, 1992	December 31, 1991	June 30, 1991
ASSETS			
Cash and cash equivalents	$ 15,386	$ 16,187	$ 7,665
Investments:			
Direct financing leases	271,620	288,599	330,891
Leveraged leases	238,852	223,788	176,384
Operating lease equipment - net of depreciation	241,129	239,743	177,102
Secured loans	247,523	261,669	270,028
Investment in joint ventures	201,915	187,245	196,364
Investment in future residuals	17,125	18,582	34,133
Assets held for sale or lease	121,871	120,831	127,363
Other investments	42,818	41,549	39,295
Less:			
Allowance for possible losses	(73,409)	(71,864)	(65,165)
Total investments	1,309,444	1,310,142	1,286,395
Due from (to) GATX Corporation	36,929	17,469	(23,401)
Intangible assets	4,333	4,508	4,949
Other assets	27,315	21,563	25,589
TOTAL ASSETS	$1,393,407	$1,369,869	$1,301,197

GATX CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in Thousands)

	June 30, 1992	December 31, 1991	June 30, 1991
LIABILITIES AND STOCKHOLDER'S EQUITY			
Accrued interest and other payables	$ 40,102	$ 48,406	$ 38,618
Debt financing:			
Commercial paper and bankers' acceptances	213,016	207,868	159,500
Notes payable	29,925	35,118	61,181
Obligations under capital leases	32,846	34,866	35,965
Senior term notes	576,523	555,324	526,709
Total debt financing	852,310	833,176	783,355
Nonrecourse obligations	99,814	98,997	118,390
Deferred income	79,710	85,885	89,419
Deferred income taxes	19,419	18,572	1,851
Stockholder's equity:			
Convertible preferred stock	1,027	1,027	1,027
Common stock	1,031	1,031	1,031
Additional paid in capital	151,902	151,902	142,482
Reinvested earnings	148,616	130,968	124,856
Equity adjustment from foreign currency translation	(524)	(95)	168
Total stockholder's equity	302,052	284,833	269,564
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$1,393,407	$1,369,869	$1,301,197

GATX CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND REINVESTED EARNINGS
(in Thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1992	1991	1992	1991
Earned income:				
Leases	$ 29,525	$ 28,440	$ 58,345	$ 53,904
Gain on disposition of equipment	5,306	8,552	12,884	23,306
Interest	5,586	6,070	11,479	13,465
Investment in joint ventures	2,176	3,633	4,724	5,590
Fees	3,890	1,499	5,165	2,587
Other	1,081	1,971	523	3,511
	47,564	50,165	93,120	102,363
Expenses:				
Interest	18,579	17,999	36,902	34,428
Selling, general and administrative	9,434	10,375	18,556	20,892
Provision for possible losses	7,000	3,000	10,000	11,000
Operating leases	4,444	4,593	9,183	7,914
Other	748	690	1,404	1,098
	40,205	36,657	76,045	75,332
INCOME BEFORE INCOME TAXES	7,359	13,508	17,075	27,031
Income taxes:				
Current income taxes	3,247	9,224	7,476	18,538
Deferred income tax benefits	(521)	(3,618)	(475)	(7,321)
	2,726	5,606	7,001	11,217
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	4,633	7,902	10,074	15,814
Cumulative effect of accounting changes	-	-	12,352	-
NET INCOME	4,633	7,902	22,426	15,814
Reinvested earnings at beginning of period	146,372	120,671	130,968	116,726
Advances on dividends paid to stockholder	(2,389)	(3,717)	(4,778)	(7,684)
REINVESTED EARNINGS AT END OF PERIOD	$148,616	$124,856	$148,616	$124,856

GATX CAPITAL CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
(In Thousands)

	Six Months Ended June 30,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 22,426	$ 15,814
Adjustments to reconcile net income to net cash from operating activities:		
Provision for possible losses	10,000	11,000
Depreciation expense	7,696	6,114
Provision for deferred income tax benefits	(475)	(7,321)
Cumulative effect of accounting changes	(12,352)	-
Gain on disposition of equipment	(12,884)	(23,306)
Joint venture investment income	(4,724)	(5,590)
Changes in assets and liabilities:		
Accrued interest and other payables	(8,685)	(10,555)
Due to GATX Corporation	(5,948)	(6,827)
Deferred income	(145)	45,871
Other-net	(4,983)	(2,141)
Net cash flows (used in) provided by operating activities	(10,074)	23,059
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in leased equipment net of nonrecourse borrowings for leveraged leases	(33,026)	(102,240)
Loans extended to borrowers	(12,797)	(40,017)
Other investments	(35,793)	(83,958)
Total investments	(81,616)	(226,215)
Loan principal received	13,435	19,713
Lease rents received, net of earned income and leveraged lease nonrecourse debt service	12,234	32,805
Proceeds from disposition of equipment	31,502	37,813
Joint venture cash distributions	20,671	17,209
Recovery of investments	77,842	107,540
Net cash flows used in investing activities	(3,774)	(118,675)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in short term borrowings	(45)	(29,544)
Proceeds from issuance of long term debt	60,000	130,600
Repayment of long term debt	(38,801)	(10,523)
Repayment of capital lease obligations	(2,020)	(2,155)
Repayment of nonrecourse obligations	(1,309)	(452)
Dividends paid to stockholder	(4,778)	(7,684)
Net cash flows from financing activities	13,047	80,242
Net decrease in cash and cash equivalents	(801)	(15,374)
Cash and cash equivalents at the beginning of the year	16,187	23,039
Cash and cash equivalents at June 30	$ 15,386	$ 7,665

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 1992 and 1991

1. General

The consolidated balance sheet at December 31, 1991 was derived from the audited financial statements at that date. All other consolidated financial statements are unaudited and include all adjustments, consisting only of normal recurring items except for the accounting changes discussed in Note 2, which management considers necessary for a fair statement of the consolidated results of operations and financial position for and as of the end of the indicated periods. Operating results for the three and six months ended June 30, 1992 are not necessarily indicative of the results that may be achieved for the entire year.

2. Accounting Changes

Effective January 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." The Statement requires, among other things, that recognition of deferred income taxes be measured by the provisions of enacted tax laws in effect at the date of the financial statements. The cumulative effect of this accounting change on years prior to 1992 was a $13.0 million reduction in the Company's deferred tax liability. This reduction resulted in an increase in net income for the six months ended June 30, 1992 of $13.0 million.

Effective January 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", which changed the accounting for postretirement benefits to the accrual method. The cumulative effect of this accounting change on years prior to 1992 was a $648,000 liability which resulted in a decrease in net income for the six months ended June 30, 1992.

3. Reclassifications

Certain amounts in the financial statements presented have been reclassified to conform prior years' data to the current presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Comparison of Six Months Ended June 30, 1992 to Six Months Ended June 30, 1991

GATX Capital Corporation's net income before the cumulative effect of accounting changes for the six months ended June 30, 1992, was $10,074,000 compared to $15,814,000 in the comparable period of 1991. This decrease is primarily attributable to a decrease in disposition gains, partially offset by an increase in lease income.

Total earned income was down $9,243,000 for the first six months of 1992 compared to the same period of 1991 principally due to the $10,422,000 decline in disposition gains. The Company achieved a record level of gains during 1991 due to the number of leases terminating during the year, combined with strong markets for certain types of rail equipment. The number of equipment and aircraft leases terminating in 1992 is significantly less than the number in 1991 resulting in a lower level of gains from disposition. Partially offsetting this decline was an increase in lease income of $4,441,000 which was primarily a result of the increase in the operating lease portfolio. Interest income decreased by $1,986,000 due in part to an increase in real estate loans on which income is not currently being recognized and the early repayment of an aircraft loan in late 1991. The $2,988,000 decrease in other income was due to a revenue adjustment recorded during the first quarter of 1992 and a non-recurring accrual for various fees and guarantees recorded in the second quarter of 1992. Both adjustments were related to the Company's investment in a cogeneration facility.

Total expenses were up $713,000 from the same period in the prior year. Interest expense increased $2,474,000 or 7.2%, due to higher average debt balances as average total investments grew 9.5%. Selling, general and administrative expenses decreased $2,336,000, or 11.2%, from the comparable period in 1991 due primarily to a decrease in headcount. Also contributing to the decrease was a non-recurring adjustment of $940,000 to insurance expense during the first quarter of 1992. The increase in operating lease expense is directly related to the growth in the operating lease portfolio.

The Company provided $10,000,000 for possible losses during the first six months of 1992 to bring the allowance for possible losses to $73,409,000, or 5.3% of total gross investments evidencing continuing uncertainty of future demand for freighter aircraft and the ongoing softness in certain real estate markets, particularly in Southern California.

Floating rate debt financing represented approximately 26.6% of the Company's capital structure at June 30, 1992. These borrowings support leases and loans tied to the "prime" or similar rates. At June 30, 1992, the Company had $15,669,000 more floating rate debt than floating rate assets.

Portfolio backlog at June 30, 1992 was $229,300,000. At June 30, 1992, the Company had a $250,000,000 shelf registration for Series B medium term notes under which $90,000,000 had been issued. The Company also had unused capacity under its two credit agreements of $69,100,000 at June 30, 1992.

Part II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

The company was not required to report any events pursuant to the instructions for Form 8-K for any of the three months ended June 30, 1992.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GATX CAPITAL CORPORATION

/s/ David M. Edwards
David M. Edwards
Senior Vice President -
Finance and Administration
Principal Financial Officer
and Director

August 12, 1992

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

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By
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Corporation
St. Petersburg, FL

For the quarterly period ended June 30, 1992

Commission file number 0-14895

GRANITE STATE BANKSHARES, INC.
(Exact name of registrant as specified in its charter)

STATE OF NEW HAMPSHIRE (State or other jurisdiction of incorporation or organization)	02-0399222 (I.R.S. Employer Identification No.)
122 West Street Keene, New Hampshire (Address of principal executive offices)	03431 (Zip Code)

Registrant's telephone number, including area code (603) 352-1600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ___

The number of shares outstanding of each of the issuer's classes of common stock, as of June 30, 1992 was 1,722,315, $1.00 par value per share.

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GRANITE STATE BANKSHARES, INC. AND SUBSIDIARY

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Granite State Bankshares, Inc. and Subsidiary
Part I - Financial Information
Item 1 - Financial Statements
Consolidated Statements of Financial Condition

($ in thousands, except per values)	June 30, 1992 (Unaudited)	December 31, 1991
ASSETS		
Cash and due from banks	$ 9,270	$ 8,567
Interest-bearing deposits with other banks	40,646	2,141
Investment securities (Note 2) (Market value $71,074 at June 30, 1992 and $103,906 at December 31, 1991)	70,692	101,921
Loans (Note 3)	178,207	182,932
Less: Unearned income	(4,537)	(5,483)
Allowance for possible loan losses	(4,423)	(4,570)
Net loans	169,247	172,879
Premises and equipment - at cost less accumulated depreciation	10,609	9,089
Real estate acquired by foreclosure or substantively repossessed	6,585	8,655
Due on sales of investment securities	-	8,455
Other assets	7,849	9,183
	$314,898	$320,890
LIABILITIES AND STOCKHOLDERS' EQUITY		
Interest-bearing deposits	$259,344	$270,105
Noninterest-bearing deposits	28,272	25,726
Total Deposits	287,616	295,831
Securities sold under agreements to repurchase	3,777	1,169
Long-term debt	279	322
Due on purchase of investment securities	-	1,009
Other liabilities	971	1,097
Total Liabilities	292,643	299,428
STOCKHOLDERS' EQUITY		
Preferred stock, $1.00 per value; authorized 7,500,000 shares; issued and outstanding 411,675 and 411,927 shares at June 30, 1992 and December 31, 1991, respectively	412	412
Common stock, $1.00 per value; authorized 12,500,000 shares; issued 2,103,958 and 2,103,706 shares, respectively	2,104	2,104
Additional paid-in capital	19,137	19,137
	21,653	21,653
Retained earnings	3,704	3,090
	25,357	24,743
Less: Valuation allowance for unrealized loss on marketable equity securuities, net of deferred tax benefits of $145,000 and $215,000, respectively	(283)	(419)
Treasury stock, at cost, 381,643 shares	(2,540)	(2,540)
Unearned compensation - ESOP	(279)	(322)
Total stockholders' equity	22,255	21,462
	$314,898	$320,890

See accompanying notes to unaudited consolidated financial statements.

Granite State Bankshares, Inc. and Subsidiary
Part I - Financial Information
Item 1 - Financial Statements
Consolidated Statements of Operations

($ in thousands, except per share data)	Three Months ended June 30, 1992	Three Months ended June 30, 1991	Six Months ended June 30, 1992	Six Months ended June 30, 1991
	(Unaudited)			
Interest and dividend income:				
Interest on loans	$4,439	$3,849	$9,239	$7,831
Interest on investment securities	1,152	624	2,798	1,099
Other interest	301	46	349	132
Dividends on equity securities	41	25	70	53
Total interest and dividend income	5,933	4,544	12,456	9,115
Interest expense:				
Interest on deposits:				
Savings	1,415	1,002	2,895	1,949
Time	1,763	1,670	3,899	3,489
Interest on borrowed funds	51	11	107	24
Total interest expense	3,229	2,683	6,901	5,462
Net interest margin	2,704	1,861	5,555	3,653
Provision for possible loan losses (note 3)	150	90	527	190
Net interest margin after provision for possible loan losses	2,554	1,771	5,028	3,463
Other income:				
Loan origination and other loan fees	166	105	321	190
Net gains on sale of investment securities	631	77	1,119	88
Net gains on sale of loans	135	84	315	112
Other	332	435	733	816
Total other income	1,264	701	2,488	1,206
Other expense:				
Salaries & employee benefits	1,286	1,033	2,653	2,064
Net occupancy expense	308	198	555	348
Net equipment expense	336	193	566	380
Other real estate acquired by foreclosure or substantively repossessed	357	39	1,032	61
Other	813	638	1,832	1,296
Total other expense	3,100	2,101	6,638	4,149
Earnings before income taxes	718	371	878	520
Applicable income taxes	267	116	111	177
Net earnings	$ 451	$ 255	$ 767	$ 343
Preferred stock dividends	$ 76	$ 77	$ 153	$ 154
Net earnings applicable to common stock	$ 375	$ 178	$ 614	$ 189
Wtd. avg. common shs. outstanding -primary	1,722,303	1,722,063	1,722,227	1,722,063
Wtd. avg. common shs. outstanding -fully diluted	2,133,990	2,133,990	2,133,990	2,133,990
Net earnings per common share - primary	$0.22	$0.10	$0.36	$0.11
Net earnings per common share - fully diluted	$0.21	$0.10	$0.36	$0.11

See accompanying notes to unaudited consolidated financial statements.

Granite State Bankshares, Inc. and Subsidiary
Part I - Financial Information
Item 1 - Financial Statements
Consolidated Statements of Cash Flows

(In thousands)	Three Months ended June 30, 1992	Three Months ended June 30, 1991	Six Months ended June 30, 1992	Six Months ended June 30, 1991
	(Unaudited)			
Cash flows from operating activities:				
Net earnings	$ 451	$ 255	$ 767	$ 343
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:				
Provision for possible loan losses	150	90	527	190
Provision for depreciation and amortization	306	212	580	423
Net amortization (accretion) on investment securities	7	(2)	15	(11)
Writedown of real estate acquired by foreclosure or substantively repossessed	401	-	1,026	-
Realized gains on sales of investment securities -net	(631)	(77)	(1,119)	(88)
Realized gains on sales of loans -net	(135)	(84)	(315)	(112)
Realized gains on sales of real estate acquired by foreclosure or substantively repossessed -net	(130)	(2)	(153)	(3)
Decrease (increase) in other assets	1,486	(86)	1,056	(454)
Increase (decrease) in other liabilities	8	221	(125)	147
Decrease in unearned compensation -ESOP	21	21	43	64
Realization of unearned income	(421)	(18)	(980)	(40)
Net cash provided by operating activities	1,513	530	1,322	459
Cash flows from investing activities:				
Net decrease (increase) in interest-bearing deposits with other banks	(38,303)	2,211	(38,505)	3,452
Proceeds from sales of investment securities	145,138	14,119	202,709	20,695
Proceeds from maturities of investment securities	358	1,500	3,866	2,592
Purchases of investment and mortgage-backed securities	(101,935)	(21,365)	(166,590)	(34,417)
Loan originations, net of repayments	(8,547)	(5,493)	(21,280)	(3,093)
Proceeds from sale of loans	14,249	5,586	24,240	8,451
Purchases of premises and equipment	(505)	(83)	(1,892)	(183)
Advances made on real estate acquired by foreclosure or substantively repossessed	(32)	-	(129)	-
Proceeds from sales of real estate acquired by foreclosure or substantively repossessed	1,764	377	2,766	398
Net cash provided (used) by investing activities	12,187	(3,148)	5,185	(2,105)
Cash flows from financing activities:				
Net decrease in time certificates of deposit	(14,722)	(6,513)	(24,408)	(6,847)
Net increase in demand, NOW, regular savings and money market deposit accounts	6,073	10,006	16,193	7,549
Net increase (decrease) in short-term borrowings	(2,771)	-	2,608	-
Repayment on liability relating to ESOP	(21)	(21)	(43)	(64)
Redemption of preferred stock	-	(7)	-	(7)
Dividends paid -common stock	-	(89)	-	(244)
Dividends paid -preferred stock	(77)	(77)	(154)	(154)
Net cash provided (used) by financing activities	(11,518)	3,299	(5,804)	233
Net increase (decrease) in cash and due from banks	2,182	681	703	(1,413)
Cash and due from banks at beginning of period	7,088	6,562	8,567	8,656
Cash and due from banks at end of period	$ 9,270	$ 7,243	$ 9,270	$ 7,243

See accompanying notes to unaudited consolidated financial statements.

Granite State Bankshares, Inc. and Subsidiary
Part I - Financial Information
Item 1 - Financial Statements
Consolidated Statements of Stockholders' Equity

(In thousands)	3 Months Ended June 30, 1992	3 Months Ended June 30, 1991	6 Months Ended June 30, 1992	6 Months Ended June 30, 1991
	(Unaudited)			
Balance, beginning of period	$21,874	$21,428	$21,462	$21,276
Net earnings	451	255	767	343
Dividends:				
Preferred stock	(76)	(77)	(153)	(154)
Common stock	-	(86)	-	(176)
Redemption of preferred stock	-	(7)	-	(7)
Decrease in unearned compensation -ESOP	21	21	43	64
Decrease (increase) in valuation allowance for unrealized loss on marketable equity securities, net of deferred tax benefits	(15)	(100)	136	88
Net change in stockholders' equity	381	6	793	158
Balance, end of period	$22,255	$21,434	$22,255	$21,434

See accompanying notes to unaudited consolidated financial statements.

GRANITE STATE BANKSHARES INC. AND SUBSIDIARY
Part I - Financial Information
Item 1 - Financial Statements
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
June 30, 1992

Note 1 - Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months and six months ended June 30, 1992 are not necessarily indicative of the results that may be expected for the current fiscal year. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1991.

Certain items in the 1991 consolidated financial statements were reclassified to conform to the 1992 reporting format.

Note 2 - Investment Securities

Investment securities are held as long-term investments for the purpose of liquidity needs, interest rate sensitivity and for long-term investment strategies. The Company has the ability to hold these securities to maturity and the intention at the time of purchase to hold them for the foreseeable future. Investment securities may be sold prior to maturity to achieve desired liquidity levels, interest rate sensitivity positions and/or regulatory capital objectives including risk-weighted asset considerations.

Investments in bonds and notes are stated at cost, adjusted for amortization of premiums and accretion of discounts over the terms of the securities. Equity securities are stated at the lower or aggregate cost or market value. Declines in the market value of equity securities, judged to be temporary, are accounted for as a valuation allowance in the shareholders' equity section of the consolidated balance sheet. Declines in market value of equity securities, judged to be other than temporary are accounted for as realized losses and the amount of the write-down is charged to operations. Gains and losses on securities sold are computed on the specific identification basis.

The carrying values and approximate market values of investment securities were as follows:

	June 30, 1992		Dec. 31, 1991	
	Carrying Value	Approx. Market Value	Carrying Value	Approx. Market Value
U.S. Treasury and other agency obligations	$ 33,057	$ 33,120	$ 48,531	$ 49,504
Mortgage-backed securities	2,966	3,058	9,990	10,227
Corporate bonds	32,559	32,786	40,915	41,690
Common and preferred stocks	2,110	2,110	2,485	2,485
	$ 70,692	$ 71,074	$101,921	$103,906

Note 3 - Loans

Interest on loans is accrued and credited to operations based upon the principal amount outstanding. When management determines that significant doubt exists as to collectibility of principal or interest on a loan, the loan is placed on nonaccrual status. In addition, loans past due 90 days or more as to principal or interest are placed on nonaccrual status except those loans which, in management's judgement, are fully secured and in the process of collection. Interest accrued but not received on loans placed on nonaccrual status is reversed and charged against current operations. Interest on nonaccrual loans is recognized only when received. Loans are restored to accrual status when the borrower has demonstrated the ability to make future payments of principal and interest, as scheduled.

Loans considered to be uncollectible are charged against the allowance for loan losses. The allowance is increased by charges to current operations in amounts sufficient to maintain the adequacy of the allowance. The adequacy of the allowance is determined by management's evaluation of the extent of existing risks in the loan portfolio and prevailing economic conditions.

GRANITE STATE BANKSHARES INC. AND SUBSIDIARY
Part I - Financial Information
Item 1 - Financial Statements
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-CONT'D
June 30, 1992

Changes in the allowance for possible loan losses are as follows:

	3 Months Ended June 30,		6 Months Ended June 30,	
	1992	1991	1992	1991
Balance, beginning of period	$4,532	$4,495	$4,570	$4,459
Provision for possible loan losses	150	90	527	190
Loans charged off	(328)	(274)	(797)	(360)
Recoveries of loans previously charged off	69	119	123	141
Balance, end of period	$4,423	$4,430	$4,423	$4,430

Unearned income on loans is being amortized as a yield adjustment over the estimated lives of the loans.

Note 4 - Supplemental Disclosures of Cash Flow Information

	3 Months Ended June 30,		6 Months Ended June 30,	
	1992	1991	1992	1991
Cash paid for interest	$2,900	$2,624	$6,717	$5,455
Income taxes paid	467	-	467	-
Non-cash investing activities:				
Real estate acquired in settlement of loans	682	179	1,440	332

GRANITE STATE BANKSHARES, INC. AND SUBSIDIARY
Part I - Financial Information
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations
June 30, 1992

GENERAL

All information within this section should be read in conjunction with the consolidated financial statements and notes included elsewhere in this Form 10-Q. All references in the discussion to financial condition and results of operations are to the consolidated position of the Company and its subsidiary taken as a whole.

The principal business of the Company is to serve as a financial intermediary attracting deposits from the general public and making both secured and unsecured loans. The operating results of the Company depend primarily on its net interest income earned by the Company's subsidiary, Granite Bank. Net interest income is the difference between interest and dividend income on earning assets, primarily loans and investment securities, and interest expense on interest bearing liabilities, which consist of deposits and borrowings.

FINANCIAL CONDITION

Total assets decreased by $5,992,000, or 1.9%, from $320,890,000 at December 31, 1991 to $314,898,000 at June 30, 1992. Net loans were $169,247,000 at June 30, 1992, a decline of $3,632,000 from $172,879,000 at December 31, 1991 as economic factors continue to hold down portfolio loan origination levels. Sales of investment securities during June, 1992 caused the reduction of investment securities from $101,921,000 at December 31, 1991 to $70,692,000 at June 30, 1992 and much of the increase in interest-bearing deposits with other banks from $2,141,000 at December 31, 1991 to $40,646,000 at June 30, 1992.

Stockholders' equity increased by $793,000 during the first half of 1992, from $21,462,000 at December 31, 1991, to $22,255,000 at June 30, 1992. The increase was due to $767,000 in net income, $136,000 and $43,000 decreases, respectively, in net unrealized losses on marketable equity securities and unearned compensation, associated with the employee stock ownership plan, partially offset by $153,000 of preferred stock dividends declared.

RESULTS OF OPERATIONS

Net Earnings & Net Earnings Applicable to Common Stock

Net earnings for the three months ended June 30, 1992 and 1991, were $451,000 and $255,000, respectively. Net earnings applicable to common stock for the three months ended June 30, 1992 were $375,000 or $.22 per share ($.21 per share, fully diluted), compared to $178,000, or $.10 per share, for the same period in 1991.

Net earnings for the six months ended June 30, 1992 and 1991 were $767,000 and $343,000 respectively. Net earnings applicable to common stock for the six months ended June 30, 1992 were $614,000, or $.36 per share, compared to $189,000 or $.11 per share, for the same period in 1991.

Interest and Dividend Income

Interest and dividend income for three months and six months ended June 30, 1992 was $5,933,000 and $12,456,000, respectively, compared to $4,544,000 and $9,115,000 for the corresponding periods in 1991. Average interest-earning assets for the three months and six months ended June 30, 1992 were $284,933,000 and $286,945,000, and for the three months and six months ended June 30, 1991 were $176,776,000 and $175,457,000, respectively.

The increase in interest and dividend income for the three months and six months ended June 30, 1992, compared to the same period in 1991, is attributable to increased levels of average interest-earning assets resulting from acquisitions during the latter half of 1991, offset partially by lower yields realized on these balances during 1992 in comparison to 1991.

Interest Expense

Interest expense for the three months and six months ended June 30, 1992 was $3,229,000 and $6,901,000 respectively, compared to $2,683,000 and $5,462,000 for the corresponding periods in 1991. Average interest-bearing liabilities for the three months and six months ended June 30, 1992 were $271,392,000 and $273,162,000 and for the three months and six months ended June 30, 1991 were $163,127,000 and $162,119,000, respectively.

The increase in interest expense for the three months and six months ended June 30, 1992 compared to the same periods in 1991 is attributable to increased levels of average interest-bearing liabilities resulting from acquisitions during the latter half of 1991, offset partially by the lower cost of funds incurred on these balances during 1992 in comparison to 1991.

Net Interest Income

The net interest income increased by $843,000 and $1,902,000 for the three months and six months ended June 30, 1992 compared to the same periods in 1991, due primarily to balance sheet growth resulting from acquisitions that took place in August and November of 1991, offset slightly by net interest rate spread declines in 1992 from 1991 levels. The Company's interest rate spread was 3.57% and 3.78%, respectively, for the three months ended June 30, 1992 and 1991. The net yield on interest earning assets for the same periods was 3.80% and 4.21%, respectively.

Provision for Loan Losses

The adequacy of the allowance for possible loan losses is evaluated by management on a quarterly basis. This review includes an assessment of problem loans and potential unknown losses based on current economic conditions, the regulatory environment and historical experience. The provisions for possible loan losses represent charges to expense necessary to maintain the allowance at a level adequate to absorb possible losses.

Nonperforming loans, totaling $3,677,000 at June 30, 1992, decreased by $725,000 and $1,411,000 for the three months and six months ended June 30, 1992, respectively. The level of net charge-offs for the three months and six months ended June 30, 1992 was $259,000 and $674,000 compared to $155,000 and $219,000 for the corresponding periods a year ago.

Given the current state of the New England economy, along with the regional real estate decline, management can give no assurance that the Company will not continue to experience significant provisions for loan losses in future periods (see risk elements section within the discussion and analysis).

Other Income

Other income for the three months and six months ended June 30, 1992 totaled $1,264,000 and $2,488,000, compared to $701,000 and $1,206,000 for the same periods a year ago. The increase in other income was derived primarily from gains on sales of investment securities and increased fee income and net gains on sales of loans resulting from increased secondary mortgage loan market activities in 1992 versus the same periods in 1991.

GRANITE STATE BANKSHARES, INC. AND SUBSIDIARY
Part I - Financial Information
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations - Cont'd.
June 30, 1992

Other Expense

Other expense for the three months and six months ended June 30, 1992 totaled $3,100,000 and $6,638,000 compared to $2,101,000 and $4,149,000 for the same periods a year earlier. The increase is primarily attributable to the acquisitions made during the third and fourth quarters of 1991 along with increased costs associated with the operation and disposition of real estate acquired by foreclosure or substantively repossessed.

Income Tax

Income taxes for the three months and six months ended June 30, 1992 were 37.2% and 12.6% of earnings before income taxes, respectively. Income taxes for the three months and six months ended June 30, 1991 were 31.3% and 34.0% of earnings before income taxes. The lower income taxes as a percentage of earnings before income taxes for 1992 are the result of certain permanent tax differences, as well as a reduction in estimated tax liabilities.

Risk Elements

Total nonperforming loans decreased from $5,088,000 or 2.9% of total loans, at December 31, 1991, to $3,677,000 or 2.2% of total loans, at June 30, 1992. During the same period, real estate acquired by foreclosure or substantively repossessed declined from $8,655,000 to $6,585,000. The allowance for loan losses as a percent of total nonperforming loans was 120.3% at June 30, 1992, compared with 89.8% at December 31, 1991. As shown in the summary presented in the following table, nonperforming assets as a percentage of total assets decreased from 4.3% as of December 31, 1991 to 3.3% as of June 30, 1992.

Dollars in thousands	June 30 1992 (unaudited)	December 31, 1991
Nonaccrual/nonperforming loans (1)	$ 3,677	$ 5,088
Other real estate owned and in-substance foreclosures	6,585	8,655
Total Nonperforming Assets	$10,262	$13,743
Restructured and performing loans (2)	$ 481	$ 783
Allowance for loan losses	$ 4,423	$ 4,570
Nonperforming loans as a percent of total loans	2.2%	2.9%
Allowance for loan losses as a percent of total nonperforming loans	120.3%	89.8%
Nonperforming assets as a percent of total assets	3.3%	4.3%

(1) Includes all loans (generally 90 days past due as to principal or interest) as to which management has significant doubts regarding the collectibility of principal or interest.

(2) Includes all loans that are still accruing interest, but which have had the interest rate materially reduced or the term extended beyond the original date.

Liquidity

The Company's primary sources of liquidity are its interest-bearing deposits with other banks and investment securities, particularly short-term securities. At June 30, 1992, interest-bearing deposits with other banks were $40,646,000 and investment securities amounted to $70,692,000.

In addition to these liquidity sources, the Company has a significant cash flow from amortization of loans as well as substantial borrowing capability from the Federal Home Loan Bank of Boston, through its subsidiary.

Capital Resources

Previously, the Company and its bank subsidiary were required by Federal regulation to maintain minimum capital ratios of primary capital to assets of at least 5.5% and total capital to assets, as defined, of at least 6.0%. Under the recently adopted amendments to the capital maintenance standards, the primary and total capital definitions were replaced with a Tier 1 capital definition (composed primarily of common stock, retained earnings, and perpetual preferred stock in limited amounts less certain intangibles). The minimum primary and total capital ratio requirements have been replaced with a minimum 3% Tier 1 leverage capital ratio requirement for the most highly-rated institutions; all other institutions are required to meet a minimum leverage ratio that is at least 4% to 5%. In addition, the Company and its bank subsidiary are required to satisfy certain capital adequacy guidelines relating to the risk nature of an institution's assets. The guidelines were recently adopted by the Federal Reserve Board and the FDIC and made applicable to bank holding companies and state nonmember banks, respectively. Under the "risk-based" capital rules, the bank is required to have a level of Tier 1 capital equal to approximately 3.6% of total risk-weighted assets, as defined, as of September 30, 1991 (such minimum required ratio increasing to 4.0% as of December 31, 1992). Total capital (composed of Tier 1 plus "supplemental" or Tier 2 capital, the latter being composed primarily of allowances for loan and lease losses, perpetual preferred stock in excess of the amount included in Tier 1 capital, and certain "hybrid capital instruments" including mandatory convertible debt) to total risk-weighted assets of 7.25% is required as of March 31, 1992 (such minimum required ratio increasing to 8.0% as of December 31, 1992).

As of June 30, 1992 the Company's Tier 1 capital to asset ratio was 5.9%. In addition, the Company's Tier 1 capital to risk-weighted asset ratio and total capital to risk-weighted asset ratios were 10.0% and 11.1%, respectively.

The Company's subsidiary bank has agreed with its regulators to achieve Tier 1 Capital levels as a percentage of average quarterly assets of 5.50% by December 31, 1992, 5.75% by June 30, 1993 and 6.00% by December 31, 1993. It is expected that earnings coupled with a policy of controlled growth will allow the subsidiary bank to achieve these capital levels. At June 30, 1992, the subsidiary bank's Tier 1 Capital as a percentage of average quarterly assets was 5.61%. The subsidiary bank's Tier 1 Capital and Total Capital as a percentage of risk-weighted assets was 9.54% and 10.69%, respectively, at June 30, 1992.

The subsidiary bank has also agreed not to declare any dividends payable to the Company without the prior consent of its regulators. This indirectly limits the ability of the Company to declare dividends.

Granite State Bankshares, Inc. and Subsidiary
Consolidated Quarterly Average Balances and Interest Rates
(dollars in thousands)
(unaudited)

	1992 QTD				1991 QTD								1990 QTD			
	Second quarter		First quarter		Fourth quarter		Third quarter		Second quarter		First quarter		Fourth quarter		Third quarter	
	Avg. bal.	Rate	Avg. bal.	Rate	Avg. bal.	Rate	Avg. bal.	Rate	Avg. bal.	Rate	Avg. bal.	Rate	Avg. bal.	Rate	Avg. bal.	Rate
Assets:																
Loans, net	$171,069	10.30%	$174,758	10.99%	$174,762	12.18%	$158,102	10.81%	$140,406	10.97%	$143,180	11.12%	$153,972	11.20%	$155,614	10.98%
Investment securities and interest-earning investments	113,864	5.25%	114,200	6.06%	80,876	6.87%	50,241	5.94%	36,370	7.66%	30,958	7.61%	27,581	6.12%	25,865	7.87%
Total interest-earning assets	284,933	8.33%	288,958	9.03%	255,638	10.50%	208,343	9.64%	176,776	10.28%	174,138	10.50%	181,553	10.43%	181,479	10.54%
Noninterest-earning assets	34,584		33,856		34,864		27,286		25,353		25,150		23,497		21,871	
Total Assets	$319,517		$322,814		$290,502		$235,629		$202,129		$199,288		$205,050		$203,350	
.iabilities and stockholders' equity:																
Savings deposits	$140,110	4.06%	$131,356	4.51%	$109,444	5.03%	$86,428	5.66%	$72,148	5.56%	$64,717	5.68%	$66,851	6.07%	$65,632	5.97%
Time Deposits	125,453	5.62%	138,618	6.16%	135,760	6.83%	111,939	7.06%	90,595	7.37%	95,857	7.75%	95,508	8.25%	95,372	8.31%
Other borrowed funds	5,829	3.50%	4,959	4.52%	525	-6.61%	364	10.99%	384	11.46%	538	9.67%	427	9.37%	455	8.79%
Total int.-bearing liabilities	271,392	4.76%	274,933	5.34%	245,729	6.00%	198,731	6.45%	163,127	6.58%	161,112	6.90%	162,786	7.35%	161,459	7.36%
Noninterest-bearing deposits	24,782		25,183		22,240		14,916		17,103		16,385		17,561		15,417	
Other liabilities	1,271		1,051		1,306		500		377		284		509		1,838	
Stockholders' equity	22,072		21,648		21,227		21,482		21,522		21,507		24,194		24,636	
otal liab. and stockholders' equity:	$319,517		$322,814		$290,502		$235,629		$202,129		$199,288		$205,050		$203,350	
nterest rate spread		3.57%		3.69%		4.50%		3.19%		3.70%		3.60%		3.08%		3.18%
et average earning balance / Net yield on interest-earning assets	$13,541	3.80%	$14,025	3.95%	$9,909	4.73%	$9,612	3.49%	$13,649	4.21%	$13,026	4.12%	$18,767	3.83%	$20,020	3.99%

GRANITE STATE BANKSHARES, INC. AND SUBSIDIARY
Part II - Other Information
June 30, 1992

Item 1 - Legal Proceedings

None.

Item 2 - Changes in Securities

None.

Item 3 - Defaults upon Senior Securities

None.

Item 4 - Submission of Matters to a Vote of Security Holders

None.

Item 5 - Other Information

None.

Item 6 - Exhibits and Reports on Form 8-K

A Form 8 was filed on April 2, 1992, which amended a Form 8-K filed August 19, 1991 in connection with the August 2, 1991 acquisition of certain assets and assumption of certain liabilities of First Northern Cooperative Bank from the Resolution Trust Corporation.

A Form 8 was filed on June 30, 1992, which amended a form 8-K filed December 2, 1991 in connection with the November 15, 1991 acquisition of certain assets and assumption of certain liabilities of Durham Trust Company from the Federal Deposit Insurance Corporation.

GRANITE STATE BANKSHARES, INC. AND SUBSIDIARY
June 30, 1992

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GRANITE STATE BANKSHARES, INC.
AND SUBSIDIARY

Charles W. Smith

August 12, 1992

Charles W. Smith
President and
Chief Executive Officer

William G. Pike

August 12, 1992

William G. Pike
Executive Vice President and
Chief Financial Officer

GRANITE STATE BANKSHARES, INC. AND SUBSIDIARY
June 30, 1992

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GRANITE STATE BANKSHARES, INC.
AND SUBSIDIARY

August 12, 1992

By /s/ Charles W. Smith
Charles W. Smith
President and
Chief Executive Officer

August 12, 1992

By /s/ William G. Pike
William G. Pike
Executive Vice President and
Chief Financial Officer

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(X) Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarter ended March 31, 1992

or

( ) Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ________________ to ________________

Commission File No. 0-1984

INSURANCE INVESTORS & HOLDING CO.
(Exact name of registrant as specified in its charter)

ILLINOIS	37-0858627
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2512 N. Knoxville Ave., Peoria, Illinois	61604-3697
(Address of principal executive offices)	(Zip Code)

309-685-7661
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No____

As of the close of the period covered by this report, the number of shares outstanding of the registrant's Class A, Common Stock was 807,649 and registrant's Class B, Common Stock was 472,423.

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INSURANCE INVESTORS & HOLDING CO. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

ASSETS	March 31, 1992	December 31, 1991
Investments	$ 2,277,624	$ 2,385,746
Cash	176,892	99,252
Accrued investment income	38,851	38,458
Deferred acquisition costs	69,327	71,826
Furniture & equipment, at cost less accumulated depreciation of $107,933 in 1992 and $106,367 in 1991	6,119	6,814
Other assets	5,775	7,881
Total assets	$ 2,574,588	$ 2,609,977
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Future and other life policy benefits	$ 762,930	$ 752,378
Deferred premium reserve	68,704	69,729
Policyholders' funds	351,127	366,733
Other liabilities	24,532	12,693
Minority interest	96,979	98,950
Notes Payable to Bank	75,000	75,000
Total liabilities	1,379,272	1,375,483
Stockholders' equity:		
Capital stock:		
Class A, common	819,249	819,249
Class B, common	47,242	47,242
Paid-in capital	576,347	576,347
Net unrealized depreciation of investments	(27,370)	(29,463)
Retained earnings (deficit)	(210,727)	(169,456)
	1,204,741	1,243,919
Treasury stock, at cost	(9,425)	(9,425)
Total Stockholders' equity	1,195,316	1,234,494
Total liabilities and stockholders' equity	$ 2,574,588	$ 2,609,977

See accompanying notes to consolidated financial statements

INSURANCE INVESTORS & HOLDING CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Month Periods Ended March 31, 1992	For the Three Month Periods Ended March 31, 1991
Revenue:		
Life insurance premiums	$ 21,190	$ 20,785
Net investment income	38,939	38,322
Realized investment gains	1,513	-0-
Total Revenue	61,642	59,107
Benefits and expenses:		
Policy benefits:		
Death and other policy benefits	28,783	20,035
Endowments to policyholders	3,161	2,221
Dividends to policyholders	5,110	3,896
Decrease in future life policy benefits	(1,065)	(10,556)
Amortization of deferred acquisition costs	3,643	1,562
Provision for deferred premium	(1,025)	(961)
General insurance expenses	62,271	57,168
Taxes, licenses and fees	4,148	3,501
Total benefits and expenses	105,026	76,866
Loss from operations before income taxes and minority interest	(43,384)	(17,759)
Income taxes	-0-	-0-
Loss before minority interest	(43,384)	(17,759)
Minority interest in loss of subsidiary	2,113	1,152
Net loss	$ (41,271)	$ (16,607)
Net loss per share	$ (.032)	$ (.013)
Cash dividends per share	None	None
Weighted average number of common shares outstanding	1,280,072	1,280,072

Unrealized appreciation of $2,093 and $25,195 for the three months ended March 31, 1992 and 1991, respectively, are reflected directly in a separate account of stockholders' equity. Cumulative gross unrealized gains were $11,874 and cumulative losses were $39,244 at March 31, 1992.

See accompanying notes to
consolidated financial statements

INSURANCE INVESTORS & HOLDING CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Month Periods Ended	
	March 31, 1992	March 31, 1991
Cash flows from operating activities:		
Net loss	$ (41,271)	$ (16,607)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	696	662
Change in:		
Accrued investment income	(393)	(7,520)
Deferred Acquisition Costs	2,499	2,353
Other Assets	2,106	-0-
Future life policy benefits	10,552	(10,556)
Deferred premium reserve	(1,025)	(961)
Policyholders' funds	(15,606)	(18,130)
Other liabilities	11,839	6,859
Minority interest	(2,113)	1,152
Total adjustments	8,555	(28,445)
Net cash used by operating activities	(32,716)	(45,052)
Cash flows from investing activities:		
Proceeds from maturity of investments	229,941	37,457
Purchase of investments	(119,585)	(98,186)
Net cash provided (used) by investing activities	110,356	(60,729)
Net increase (decrease) in cash	77,640	(105,781)
Cash at beginning of year	99,252	173,436
Cash at end of period	$ 176,892	$ 67,655

See accompanying notes to consolidated financial statements

INSURANCE INVESTORS & HOLDING CO. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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1. The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles and such principles were applied on a basis consistent with those reflected in the 1991 annual report filed with the Securities and Exchange Commission.

   The information furnished herein is unaudited and includes all adjustments and accruals consisting only of normal recurring adjustments which are, in the opinion of management, necessary for a fair statement of results for the interim periods.

2. Earnings per common share are computed on the basis of the weighted average number of common "A" and "B" shares outstanding during each period.

3. The accompanying financial data should be read in conjunction with the notes to the consolidated financial statements contained in the 1991 Form 10-K Annual Report.

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations.

Consolidated Results of Operations.

Premium income for the first quarter of 1992 increased by $405 from premium income in the first quarter of 1991. The increase was unusual as there were no new sales during the first quarter. The increase came from policyholders electing options in their policies which increased their premiums and lower policy lapses during the intervening period. The Company does not have any products qualified for sale under the changed life insurance reserve law. Funds for product revision have been severely limited by increased death claims and the cost of the varied government reporting requirements which keep general expenses high in relation to the Company's size.

Net investment income was up $617 as the funds from redeemed and matured low yield bonds during the intervening period were re-invested at higher rates. The realized investment gain of $1,513 came from early bond calls.

Life policy benefit expense increased $8,748 primarily from a $16,003 increase in death claims. The full effect of increased death claims was reduced by a decrease in cash surrenders. Since the Company is not selling policies with dividends or annual endowments, changes in these policy benefits were the result of annual payments as well as individual requests to withdraw past accumulations of these benefits. Because individual policy dividends increase annually and annual endowments are a fixed amount, they may occasionally show a contradictory change.

The provision required for future life policy benefits also reflected a lower rate of cash surrenders and was up $9,461. Amortization of deferred acquisition cost increased as the election of policy options by policyholders increased commission expense during the period. The provision for deferred premium reserve was down from the aging of policies between the periods.

General expenses were up $5,103 as a result of increases in depreciation and interest expense, and the purchase of computer software. Taxes, licenses and fees increased from changes in regulatory fee schedules.

Liquidity and Capital Resources.

During the past period, liquidity requirements were met by funds from premium income, interest income, and bond maturities and redemptions. The frequency of request for cash surrenders can be influenced by changing economics and death claims can fluctuate greatly in short periods of time. Although the Company maintains a substantial amount of liquidity in interest earning cash accounts and short-term investments, and anticipates receiving over $300,000 from bonds called or maturing in 1992, the requirement to maintain $1,200,000 of capital and surplus in the life subsidiary has imposed severe limits on the use of these funds.

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations. (continued)

The amount of bond calls and redemptions increased during the first quarter reducing investments but increasing cash. Some funds were used to meet policy obligations and general expenses. The Company's bond investments have always been limited to investment grade bonds, but in the intervening years, five bonds have been reduced by Moody's Investment Service to a rating of Ba 1 or lower. These five bonds represent less than 3% of total assets and are current with interest payments. The Company has no direct investments in mortgages or real estate. The change in accrued investment income was due to timing differences on bond interest payments. The increase in future and other life policy benefits is the result of an $11,617 accrued death claim. Deferred premium reserve and acquisition costs decreased because of the aging of old business and lack of new business. The increase in other liabilities was due to timing differences in accrued general expenses and interest expense.

The Illinois Legislature established $1,200,000 as the minimum statutory capital and surplus for an Illinois domiciled life insurance company after December 31, 1990. On December 31, 1995, the requirement increases to $1,500,000 combined capital and surplus. The normal "grandfather" provisions were not allowed which means the life insurance subsidiary is required to meet these scheduled increases. At the end of the current period, the Company's life subsidiary reported a statutory capital and surplus of $1,206,202. In addition, the liquidity of the life insurance subsidiary is not available to the Company to apply to its $75,000 of loans due in December of 1992. The Company's ability to secure an extension of part or all of its present loans may have been handicapped by changes in the independent auditors' 1991 opinion. The Company is exploring options for providing additional capital.

The Company's ability to allocate funds to product development has been extremely limited. Increased death claims, the costly burden of maintaining two complex accounting systems and legislated increase in the statutory capital and surplus requirements of the Company's subsidiary have been the leading constraints. In 1989, policy revision was limited to programming the Company's small computer to print the revised Decreasing Term Life policy. Since then, funds have not been available for additional policy revision work.

PART II - OTHER INFORMATION

Items other than those listed are omitted because they are not required.

Item 6(b). The Company was not required to file any reports on Form 8K during the quarter ended March 31, 1991.

INSURANCE INVESTORS & HOLDING CO. AND SUBSIDIARIES

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INSURANCE INVESTORS & HOLDING CO.
(Registrant)

Date May 14,1992

Frank J. Wilkins
Frank J. Wilkins, President and
Chief Accounting Officer

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 28, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission file number : 0-12695

INTEGRATED DEVICE TECHNOLOGY, INC.
(Exact name of registrant as specified it its charter)

Delaware	**94-2669985**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2975 Stender Way, Santa Clara, California 95054
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code
(408) 727-6116

NONE

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) ; and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

The number of outstanding shares of the registrant's Common Stock, $.001 par value, as of July 26, 1992 was **27,731,888**

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

INTEGRATED DEVICE TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Quarter Ended June 28, 1992 (Unaudited)	Quarter Ended June 30, 1991 (Unaudited)
Revenues	$53,758	$52,281
Cost of revenues	30,392	27,806
Gross profit	23,366	24,475
Operating expenses:		
Research and development	11,833	12,488
Selling, general and administrative	9,636	10,491
Total operating expenses	21,469	22,979
Operating income	1,897	1,496
Interest expense	(1,500)	(1,822)
Interest income and other, net	197	696
Income before provision for income taxes	594	370
Provision for income taxes	119	92
Net income	$475	$278
Net income per share	$ .02	$ .01
Shares used in computing net income per share	27,714	27,606

The accompanying notes are an integral part of these financial statements.

INTEGRATED DEVICE TECHNOLOGY, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	June 28, 1992 (Unaudited)	March 29, 1992
ASSETS		
Current assets:		
Cash and cash equivalents	$20,403	$20,026
Short-term investments	0	1,060
Accounts receivable, net	37,653	36,281
Inventory (Note 2)	28,996	28,088
Prepaid income taxes	25,380	25,480
Prepayments and other current assets	3,029	2,714
Total current assets	115,461	113,649
Property, plant and equipment, net	121,996	126,801
Other assets	3,108	1,377
Total assets	$240,565	$241,827
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$15,277	$16,623
Accrued compensation and related expense	5,437	4,241
Deferred sales to distributors	15,256	14,052
Income taxes payable	917	983
Other accrued liabilities	6,742	9,764
Current portion of long term obligations	20,203	19,585
Total current liabilities	63,832	65,248
Long term obligations	41,318	46,515
Deferred income taxes	13,705	13,705
Minority interest in subsidiary	506	506
Commitments and contingencies		
Shareholders' equity :		
Preferred stock; $.001 par value: 5,000,000 shares authorized; no shares issued		
Common stock; $.001 par value: 65,000,000 shares authorized; 27,638,624 and 26,553,731 shares issued and outstanding	28	27
Additional paid-in capital	90,873	86,074
Retained earnings	30,742	30,267
Cumulative translation adjustment	(34)	(110)
	121,609	116,258
Treasury stock; 43,154 shares at cost	(405)	(405)
Total shareholders' equity	121,204	115,853
Total liabilities and shareholders' equity	$240,565	$241,827

The accompanying notes are an integral part of these financial statements.

INTEGRATED DEVICE TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

Increase (decrease) in cash (In thousands)	Quarter Ended June 28, 1992 (Unaudited)	Quarter Ended June 30, 1991 (Unaudited)
Operating activities:		
Net income	$475	$278
Adjustments:		
Depreciation and amortization	9,083	8,651
Gain on sale of equipment	(4)	(203)
Provision for losses on accounts receivable	255	14
Changes in assets and liabilities:		
Accounts receivable, gross	(1,627)	(803)
Inventory	(908)	(1,122)
Prepaid income taxes	100	1,116
Other assets	(674)	1,083
Accounts payable	(1,346)	(1,565)
Accrued compensation and related expense	1,196	1,686
Deferred sales to distributors	1,204	432
Income taxes payable	(66)	96
Other accrued liabilities	(946)	209
Net cash provided by operating activities	6,742	9,872
Investing activities:		
Additions to property, plant and equipment	(4,154)	(6,403)
Proceeds from sale of equipment	8	410
Purchases of short-term investments	(1,003)	(1,854)
Proceeds from sales of short-term investments	2,063	1,984
Net cash used for investing activities	(3,086)	(5,863)
Financing activities:		
Issuance of common stock, net	300	791
Proceeds from borrowings	7,233	2,902
Payment on capital leases and other debt	(10,812)	(5,052)
Net cash used for financing activities	(3,279)	(1,359)
Net increase in cash and cash equivalents	377	2,650
Cash and cash equivalents at beginning of period	20,026	11,639
Cash and cash equivalents at end of period	$20,403	$14,289
Supplemental disclosure of cash flow information:		
Interest paid	$1,660	$1,783
Income taxes paid (refunded)	81	(1,120)

The accompanying notes are an integral part of these financial statements.

INTEGRATED DEVICE TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. In the opinion of management, the accompanying condensed unaudited consolidated financial statements contain all adjustments necessary to present fairly the consolidated financial position of Integrated Device Technology, Inc. and its subsidiaries and the consolidated results of their operations and their cash flows. The results of operations for the three month period ended June 28, 1992 are not necessarily indicative of the results to be expected for the year ending March 28, 1993.

   This report on Form 10-Q for the quarter ended June 28, 1992 should be read in conjunction with the Company's Annual Report to Stockholders and/or Annual Report on Form 10-K for the year ended March 29, 1992.

2. Inventories consist of the following (in thousands):

	June 28, 1992 (unaudited)	March 29, 1992
Raw materials	$ 3,264	$ 3,154
Work-in-process	8,688	10,002
Finished goods	17,044	14,932
	$ 28,996	$ 28,088

3. The provision for income taxes reflects the estimated annualized effective tax rate applied to earnings for the interim period.

4. Net income per share is based on the weighted average number of shares of common stock and common stock equivalents outstanding, if dilutive. Primary and fully diluted earnings per share are the same.

5. In connection with the settlement of litigation, restricted shares were issued by the Company in the first quarter.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

Net revenues for the first quarter of fiscal year 1993 were $53,758,000, a 3% increase over the $52,281,000 reported in the first quarter of fiscal 1992 and a 5% increase over the immediately preceding quarter. This increase was due primarily to increased SRAM product sales. However, continued price erosion in SRAMs has led to gross margin deterioration compared to the same period a year ago.

Gross profit, as a percentage of net revenues, decreased from 46% in the first quarter of fiscal 1992 to 43% in the first quarter of fiscal 1993. The reduced gross profit percentage can be attributed to very competitive pricing in both 64K and 256K SRAMs. Additionally, more of the San Jose wafer fabrication capacity was consumed by manufacturing activities, causing an increase in cost of revenues with a counter balancing reduction in R&D costs. Improvement in gross profit will largely depend on the timely introduction of new products, which are expected to attract higher selling prices, and the greater utilization of the San Jose wafer fabrication plant. The Company believes that several key pieces of equipment, scheduled to be delivered over the next 60 to 90 days, will enable IDT to boost its output significantly.

Research and development (R&D) expenses were 5% lower than the same period a year ago and were reduced from 24% of revenues to 22% of revenues. This decrease can be attributed to a shift in the use of IDT's San Jose wafer fabrication line to increased manufacturing activities compared to the year ago period and certain cost control programs implemented in the second half of fiscal 1992. The Company expects R&D expenses to be marginally lower than fiscal 1992 expenditures for the remainder of fiscal 1993.

Selling, general and administrative (SG&A) expenses decreased in absolute dollars and as a percentage of net revenues from 20% in the first quarter of fiscal 1992 to 18% in the first quarter of fiscal 1993. This decrease is primarily attributable to continued cost containment efforts and improved productivity and efficiency resulting from the Company's restructuring.

Interest expense decreased 18% for the quarter when compared to the same quarter a year ago as a result of the reduced debt balances.

Interest income and other, net, was $197,000 in the first quarter of fiscal 1993, down from $696,000 in the same quarter of fiscal 1992. Interest income decreased primarily because of lower rates of return on interest-earning investments and lower cash and cash investment balances. In addition, IDT recognized a $203,000 non-recurring gain on disposal of capital equipment in the first quarter a year ago. The Company expects interest income and other, net, to be lower than fiscal 1992 for the remainder of fiscal 1993.

LIQUIDITY AND CAPITAL RESOURCES

During the first quarter of fiscal 1993, $6.7 million of funds were provided by operations. Investments in capital equipment consumed approximately $4.2 million. IDT drew down $7.2 million against the Malaysian line of credit, while paying down $6.6 million of this line and $4.2 of previously existing asset secured debt.

At June 28, 1992, IDT had approximately $20.4 million in cash and cash equivalents. Capital expenditures for the remainder of fiscal 1993 are projected at $21.8 million. These capital expenditures will be funded by a combination of cash flow from operations, cash balances and equipment financings agreement. In July 1992, IDT entered into an $8 million equipment leasing agreement to acquire capital equipment for futher expansion of wafer fabrication capacity. In addition, the Company has also obtained an additional asset secured financing agreement for $3 million.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

The description of the Texas Instruments litigation contained in Part I, Item 3 of the Company's Annual Report on Form 10K for the year ended March 29, 1992 is updated as follows:

Trial had been scheduled for early July. However, due to bifurcation of some of the issues of the case, the trial was postponed. A new trial date has not yet been set.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibit 19.1. Patent License Agreement dated May 1, 1992 between the Company and American Telephone and Telegraph Company. (Confidential Treatment Requested)

(b) No reports on Form 8-K were filed during the quarter for which this Report on Form 10Q is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTEGRATED DEVICE TECHNOLOGY, INC.

Date: August 10, 1992 /s/ Leonard C. Perham

Leonard C. Perham
Chief Executive Officer

Date: August 10, 1992 /s/ William D. Snyder

William D. Snyder
Vice President Finance (principal financial and accounting officer)

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St. Petersburg, FL

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the period ended June 27, 1992

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 0-14616

J & J SNACK FOODS CORP.

(Exact name of registrant as specified in its charter)

New Jersey	22-1935537
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6000 Central Highway, Pennsauken, NJ 08109
(Address of principal executive offices)

Telephone (609) 665-9533

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] Yes [ ] No

As of July 17, 1992, there were 10,598,000 shares of the Registrant's Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

J & J SNACK FOODS CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS	June 27, 1992 (Unaudited)	September 28, 1991 (Audited)
Current assets		
Cash and cash equivalents	$ 2,490,000	$ 15,201,000
Marketable securities	16,816,000	8,541,000
Accounts receivable	12,733,000	11,882,000
Inventories	10,053,000	9,137,000
Prepaid expenses and deposits	1,509,000	1,576,000
	43,601,000	46,337,000
Property, plant and equipment, at cost		
Land	529,000	568,000
Buildings	3,358,000	3,616,000
Plant machinery and equipment	22,724,000	21,093,000
Marketing equipment	46,595,000	36,327,000
Transportation equipment	2,763,000	3,233,000
Office equipment	1,937,000	1,747,000
Improvements	2,003,000	1,862,000
	79,909,000	68,446,000
Less accumulated depreciation and amortization	32,698,000	27,006,000
	47,211,000	41,440,000
Other assets		
Goodwill, trademarks and rights, less accumulated amortization	10,486,000	11,177,000
Proceeds from bond financing held in trust	4,763,000	-
Sundry	4,114,000	5,458,000
	19,363,000	16,635,000
	$110,175,000	$104,412,000

See accompanying notes to the consolidated financial statements.

J & J SNACK FOODS CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - Continued

LIABILITIES AND STOCKHOLDERS' EQUITY	June 27, 1992 (Unaudited)	September 28, 1991 (Audited)
Current liabilities		
Current maturities of long-term debt	$ 191,000	$ 1,311,000
Accounts payable	7,449,000	6,839,000
Accrued liabilities	2,857,000	3,066,000
	10,497,000	11,216,000
Long-term debt, less current maturities	5,078,000	2,411,000
Deferred income taxes	4,994,000	4,348,000
Stockholders' equity		
Capital stock		
Preferred, $1 par value; authorized, 5,000,000 shares; none issued	-	-
Common, no par value; authorized, 25,000,000 shares; issued and outstanding, 10,598,000 and 10,641,000, respectively	58,184,000	58,656,000
Retained earnings	31,422,000	27,781,000
	89,606,000	86,437,000
	$110,175,000	$104,412,000

See accompanying notes to the consolidated financial statements.

J & J SNACK FOODS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

	Three months ended		Nine months ended	
	June 27, 1992	June 29, 1991	June 27, 1992	June 29, 1991
Net sales	$33,478,000	$28,632,000	$89,036,000	$78,340,000
Cost of goods sold	15,663,000	13,520,000	42,691,000	37,580,000
Gross profit	17,815,000	15,112,000	46,345,000	40,760,000
Expenses & other income				
Marketing	9,228,000	6,886,000	24,499,000	19,691,000
Distribution	3,940,000	3,322,000	11,065,000	9,731,000
Administrative	1,730,000	1,651,000	5,106,000	4,606,000
Interest expense	91,000	227,000	273,000	684,000
Investment income	(316,000)	(94,000)	(1,123,000)	(280,000)
Other deductions net of other income	270,000	259,000	835,000	825,000
	14,943,000	12,251,000	40,655,000	35,257,000
Earnings before income taxes	2,872,000	2,861,000	5,690,000	5,503,000
Income taxes	1,032,000	1,101,000	2,048,000	2,113,000
NET EARNINGS	$ 1,840,000	$ 1,760,000	$ 3,642,000	$ 3,390,000
Earnings per common share	$ .17	$ .20	$ .34	$ .40
Weighted average number of shares	10,808,000	8,958,000	10,829,000	8,557,000

See accompanying notes to the consolidated financial statements.

J & J SNACK FOODS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine months ended	
	June 27, 1992	June 29, 1991
Cash flows from operating activities:		
Net earnings	$ 3,642,000	$ 3,390,000
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of fixed assets	6,525,000	5,194,000
Amortization of intangibles and deferred costs	882,000	987,000
Increase in deferred income taxes	609,000	633,000
Other adjustments	(51,000)	(26,000)
Changes in assets and liabilities		
Increase in accounts receivable	(861,000)	(664,000)
Increase in inventories	(962,000)	(415,000)
Decrease (increase) in prepaid expenses	67,000	(135,000)
Increase (decrease) in accounts payable and accrued liabilities	401,000	(3,740,000)
Net cash provided by operating activities	10,252,000	5,224,000
Cash flows from investing activities:		
Capital expenditures	(12,840,000)	(10,140,000)
Proceeds from (payments for) investments (net)	(8,351,000)	322,000
Increase in bond trust fund	(3,264,000)	-
Other	533,000	(12,000)
Net cash used in investing activities	(23,922,000)	(9,830,000)
Cash flows from financing activities:		
Proceeds from issuance of common stock	225,000	29,633,000
Proceeds from long-term debt borrowing	5,056,000	2,099,000
Payments to repurchase common stock	(698,000)	(208,000)
Payments of long-term debt	(3,509,000)	(5,294,000)
Other	(115,000)	-
Net cash provided by financing activities	959,000	26,230,000
Net increase (decrease) in cash and cash equivalents	(12,711,000)	21,624,000
Cash and cash equivalents at beginning of period	15,201,000	1,984,000
Cash and cash equivalents at end of period	$ 2,490,000	$23,608,000

See accompanying notes to the consolidated financial statements.

J & J SNACK FOODS CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position and the results of operations and cash flows.

The results of operations for the three months and nine months ended June 27, 1992 and June 29, 1991 are not necessarily indicative of results for the full year. Sales of the Company's frozen carbonated beverages are generally greater in the third and fourth quarters due to seasonal factors.

While the Company believes that the disclosures presented are adequate to make the information not misleading, it is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and the notes included in the Company's Annual Report on Form 10-K for the year ended September 28, 1991.

Note 2 Earnings per share are based on the weighted average number of common shares outstanding, including common stock equivalents (stock options).

Note 3 Under a share repurchase program authorized by the Board of Directors in June 1992, the Company is authorized to acquire up to 500,000 shares of its common stock. The Company repurchased and retired 80,000 shares at a cost of $698,000 during the three months ended June 27, 1992.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

The Company's current cash and marketable securities balances and cash expected to be provided by future operations are its primary sources of liquidity. The Company believes that these sources, along with its borrowing capacity, are sufficient to fund future growth and expansion.

In December 1991, the Company obtained $5,000,000 of funding for the expansion of the freezer storage space and production capacity at its primary east coast manufacturing facility. Tax-exempt bonds bearing interest at 7-1/4% and payable in full in 2005 were issued through the New Jersey Economic Development Authority. Construction of the freezer storage project began during the quarter and should be completed in the first quarter of fiscal 1993.

At June 27, 1992, the Company had available to it $15,000,000 in general purpose bank lines of credit. Subsequent to June 27, 1992, one of the banks increased its line by $10,000,000 giving the Company a current availability of $25,000,000. In May 1992, the Company terminated its $25,000,000 acquisition credit facility. The decision to terminate the line was based on the current financial capacity of the Company.

Results of Operations

Net sales increased $4,846,000 or 17% to $33,478,000 for the three months and $10,696,000 or 14% to $89,036,000 for the nine months ended June 27, 1992.

Sales to food service customers increased $1,478,000 or 14% to $12,326,000 in the current third quarter and $4,915,000 or 15% in the current nine month period. Soft pretzel sales to the food service market increased 15% to $8,197,000 in the third quarter and 14% to $24,259,000 in the nine month period. New distribution channels, such as warehouse clubs, have enabled the Company to overcome sales slowdowns in traditional markets related to the recession. Frozen juice treat and dessert sales increased 12% to $1,969,000 in the quarter and 27% to $6,951,000 in the nine month period. Churro sales to food service customers increased 15% to $1,612,000 in the current quarter and 22% to $4,076,000 in the nine months. All increases are due primarily to expanded unit volume.

Sales of products to retail supermarkets increased $1,485,000 or 36% to $5,632,000 in the third quarter and increased $3,755,000 or 32% to $15,367,000 in the current nine month period. Unit volume increases accounted for 31% of the third quarter and 29% of the nine month dollar increases and a price increase accounted for the balance. Soft pretzel sales in the third quarter were up 14% to $3,149,000 and in the current nine month period were up 23% to $11,575,000. Sales of the flagship SUPERPRETZEL brand soft pretzels, including soft pretzel bites, increased 20% in the third quarter and 29% in the nine months.

Frozen carbonated beverage and related product sales increased $1,501,000 or 15% to $11,819,000 in the third quarter and $1,678,000 or 7% to $26,400,000 in the current nine month period. Beverage sales alone increased 19% to $11,120,000 in the quarter and 10% to $23,739,000 in the nine month period. The sales increases are due to an increased number of beverage dispensers at new customer locations which have overcome significant declines caused by a remodeling program of a major chain store customer and the effects of the recession, especially in key California and Michigan markets.

Bakery sales increased $421,000 or 21% to $2,411,000 in the third quarter and $556,000 or 8% to $7,424,000 in the current nine month period. Syrup and topping product sales decreased $39,000 or 3% to $1,290,000 in the quarter and $208,000 or 6% to $3,022,000 in the nine month period. The increases and decreases reflect volume changes.

Gross profit as a percentage of sales was 53% in the third quarter and 52% in the nine month period, the same percentages as in last year's comparable periods.

Total operating expenses increased $3,039,000 in the third quarter and as a percentage of sales increased to 45% from 41% in last year's same quarter. For the nine months, operating expenses increased $6,642,000 and as a percentage of sales increased to 46% from 43% last year. Marketing expenses increased to 28% of sales in the third quarter from 24% in the prior quarter. For the current nine month period, marketing expenses increased to 27% of sales from 25% in last year's comparable period. Frozen carbonated beverage division marketing expense increases as a percentage of its sales represented over two thirds of the Company wide marketing expense percentage increase. Administrative expenses decreased to 5% of sales in the current third quarter from 6% in the comparable period last year and from 6% in both nine month periods. Distribution expenses were 12% of sales for all periods presented.

Operating income decreased $336,000 or 10% to $2,917,000 in the third quarter and $1,057,000 or 16% to $5,675,000 in the current nine month period.

Investment income increased due to the higher level of invested funds and interest expense decreased due to the reduction of indebtedness.

The effective income tax rate has been estimated at 36% in the current periods compared to 38% in last year's same periods. The effective rate for fiscal 1991 was 35%. The Financial Accounting Standards Board (the FASB) issued in 1987 a standard which significantly changed the accounting for deferred income taxes. The FASB issued numerous interpretations of that standard and recently issued a new standard which supersedes the 1987 standard. The effective date of the new standard for the Company is fiscal 1994. The Company has not estimated the impact of the adoption of this new standard on net earnings and earnings per share.

Net earnings increased $80,000 or 5% in the current three month period to $1,840,000 and $252,000 or 7% in the current nine month period to $3,642,000.

Part II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits - None

b) Reports on Form 8-K - A report on Form 8-K was filed on July 8, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

J & J SNACK FOODS CORP.

Dated: July 31, 1992

/s/ Gerald B. Shreiber
Gerald B. Shreiber
President

Dated: July 31, 1992

/s/ Dennis G. Moore
Dennis G. Moore
Vice President and
Chief Financial Officer

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Securities and Exchange Commission

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WASHINGTON, D.C. 20549

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St. Petersburg, FL

FORM 10-Q

☒QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

☐TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1992

For the transition period from ____ to ____

Commission file number 0-6265

MULTIMEDIA, INC.

(Exact name of registrant as specified in its charter)

South Carolina	57-0173540
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
305 South Main Street, Greenville, South Carolina	29601
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (803) 298-4373

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No___

The number of shares outstanding for each of the issuer's classes of common stock, as of June 30, 1992:

Common Stock, $.10 par value

35,551,212 shares outstanding

PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements.

The following consolidated financial statements are incorporated by reference from the Report to Shareholders for the quarter ended June 30, 1992.

Consolidated Statements of Earnings, three months and six months ended June 30, 1992 and 1991.

Consolidated Balance Sheets as of June 30, 1992 and December 31, 1991.

Consolidated Statements of Cash Flows, six months ended June 30, 1992 and 1991.

The information furnished reflects all adjustments consisting of only normally recurring accruals which are, in the opinion of management, necessary to a fair statement of the results for the interim period.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations.

Discussion regarding the Company's financial condition and results of operations for the quarter ended June 30, 1992 is included in the Report to Shareholders attached hereto as an exhibit and incorporated herein by reference.

Year-to-date newspaper and broadcasting revenues and operating profits continue to be adversely affected by the sluggish retail advertising environment. Multimedia Cablevision includes the Company's security alarm business which has increased to 32,000 subscribers at the end of the second quarter of 1992 from 21,000 a year ago. The principal reason that the entertainment operating profit increase is less than the revenue increase is due to expenses related to the Company's television production business acquired in September 1991 which more than offset the related revenues.

Multimedia, Inc. has agreed, subject to satisfactory due diligence investigation and other conditions, to purchase cable television systems serving approximately 28,000 subscribers in Valparaiso and LaPorte, Indiana from Prime Cable Income Partners, L. P., an affiliate of Prime Cable, for $57.5 million. The ten franchises included in the purchase price are near our present Illinois cable systems and will increase Cablevision's subscriber base in the region to more than 94,000.

There have been no material adverse changes in the Registrant's financial condition during the quarter ended June 30, 1992 and reference is made to management's discussion and analysis relating to liquidity and capital resources which appeared on pages 13-19 of the Company's 1991 Annual Report.

PART II - OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K.

(a) Exhibits:

11. Computation of Primary and Fully Diluted Earnings per Share.

15. Independent accountants' report re unaudited interim financial information.

20. Report to Shareholders for the quarter ended June 30, 1992.

(b) Reports on Form 8-K. No reports on Form 8-K were filed during the quarter ended June 30, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Multimedia, Inc.
(Registrant)

August 7, 1992
(Date)

Robert E. Hamby, Jr.
Treasurer
Chief Financial Officer

August 7, 1992
(Date)

Thomas L. Magaha
Vice President-Controller

EXHIBIT 15

KPMG Peat Marwick

Certified Public Accountants

One Shelter Place, Suite 600
P.O. Box 10529
Greenville, SC 29603

The Board of Directors
Multimedia, Inc.:

We have made a review of the condensed consolidated balance sheet of Multimedia, Inc. and subsidiaries as of June 30, 1992 and the related condensed consolidated statements of earnings for the three-month and six-month periods ended June 30, 1992 and 1991 and the related condensed consolidated statements of cash flows for the six-month periods ended June 30, 1992 and 1991, in accordance with standards established by the American institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Multimedia, Inc. and subsidiaries as of December 31, 1991, and the related consolidated statements of earnings, stockholders' equity (deficit), and cash flows for the year then ended (not presented herein); and in our report dated February 13, 1992, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1991, is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG Peat Marwick

July 17, 1992

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended MARCH 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 0-3565

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NUCORP, INC.
(Exact name of Registrant as specified in its Charter)

L3Q

Delaware	**34-1010356**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Two North Riverside Plaza, Chicago, Illinois	**60606**
(Address of principal executive offices)	(Zip Code)

(312) 454-0100
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

7,892,452 shares of Common Stock, $.05 par value as of April 30, 1992.

NUCORP, INC. AND SUBSIDIARIES

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Item 1. Financial Statements:

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Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 1992 and 1991 5

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NUCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
MARCH 31, 1992 AND DECEMBER 31, 1991
(Amounts in thousands except share and per share amounts)
(Unaudited)

	March 31, 1992	December 31, 1991
ASSETS		
Invested assets:		
Fixed maturities	$130,343	$131,049
Equity securities	1,311	1,361
Short-term investments	24,772	20,665
	156,426	153,075
Cash and cash equivalents	10,189	9,952
Premiums receivable, net	2,344	2,148
Accrued interest	1,415	1,366
Deferred policy acquisition costs	905	948
Oil and gas property and equipment, net	3,241	3,426
Excess cost over net assets acquired, net	22,693	22,842
Other assets	4,001	3,465
	$201,214	$197,222
LIABILITIES		
Reserves:		
Unpaid losses and loss adjustment expenses	$ 74,885	$ 75,276
Unearned premiums	7,920	7,499
	82,805	82,775
Reinsurance payable	4,495	4,372
Long-term debt	46,214	46,352
Other liabilities	6,693	6,591
Total liabilities	140,207	140,090
STOCKHOLDERS' EQUITY		
Preferred stock, par value $.01 per share, 5,000,000 authorized; none issued and outstanding	--	--
Common stock, par value $.05 per share, 20,000,000 shares authorized; issued 7,716,493 at March 31, 1992 and 7,480,338 at December 31, 1991	386	374
Additional paid-in capital	45,830	43,543
Retained earnings from August 1, 1986 (date of reorganization)	15,009	13,399
Unrealized gain on equity securities	17	51
Treasury stock (39,751 common shares, at cost)	(235)	(235)
Total stockholders' equity	61,007	57,132
	$201,214	$197,222

The accompanying notes are an integral part of these financial statements.

NUCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991
(Amounts in thousands except per share amounts)
(Unaudited)

	1992	1991
Revenues:		
Insurance:		
Net earned premiums	$ 3,749	$ 4,204
Net investment income	3,197	3,325
Realized investment gains	33	88
Oil and gas	825	1,164
Corporate investment income	126	150
	7,930	8,931
Expenses:		
Insurance:		
Net losses and loss adjustment expenses	2,275	2,502
Net commissions and brokerage	69	374
Other acquisition and operating expenses	825	961
Interest expense	929	1,419
Amortization expense	149	404
Oil and gas:		
Production, exploration and gas gathering and processing	734	568
Depletion and depreciation	187	234
General and administrative	30	27
Corporate expense	293	319
	5,491	6,808
Income before income taxes	2,439	2,123
Income taxes	829	722
Net income	$ 1,610	$ 1,401
Weighted average common and common equivalent shares outstanding	10,608	10,588
Net income per share	$ .17	$ .16

The accompanying notes are an integral part of these financial statements

NUCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991
(Amounts in thousands)
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
OPERATING ACTIVITIES		
Net income	$ 1,610	$ 1,401
Adjustments to reconcile net income to net cash provided by operations:		
Depletion, depreciation and amortization	336	638
Federal income tax provision offset by net operating loss carryforwards	780	679
Amortization of bond discount	(391)	(409)
Realized investment gains, net	(33)	(88)
Increase (decrease) in reserve for unearned premiums	421	(948)
(Decrease) increase in reserve for unpaid losses and loss adjustment expenses	(391)	853
Changes in operating assets and liabilities:		
Increase in premiums receivable	(196)	(580)
Increase (decrease) in reinsurance payable	123	(1,071)
Net increase in other assets and liabilities	(421)	(1,048)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,838	(573)
INVESTING ACTIVITIES		
Proceeds from investments sold, matured or repaid	8,833	5,955
Cost of investments purchased	(7,703)	(14,775)
Decrease (increase) in short-term investments	(4,107)	8,164
Capital expenditures	(5)	–
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(2,982)	(656)
FINANCING ACTIVITIES		
Payment of long-term debt	(138)	–
Deferred issuance costs	(7)	–
Exercise of warrants	1,526	345
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,381	345
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	237	(884)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	9,952	9,166
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 10,189	$ 8,282
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	$ 893	$ 2,358
Income taxes	$ 75	$ 442

The accompanying notes are an integral part of these financial statements.

NUCORP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1992
(Unaudited)

1. BASIS OF PRESENTATION:

These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in Nucorp, Inc.'s (the "Company") 1991 Annual Report on Form 10-K. The following Notes to Condensed Consolidated Financial Statements highlight significant changes to the Notes included in the Annual Report on Form 10-K and such interim disclosures as required by the Securities and Exchange Commission. The accompanying unaudited Condensed Consolidated Financial Statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements. All such adjustments are of a normal and recurring nature. The financial results for interim periods may not be indicative of financial results for a full year. Certain balances in the 1991 Condensed Consolidated Financial Statements have been reclassified to conform with the classifications presented in the 1992 unaudited Condensed Consolidated Financial Statements.

2. INVESTED ASSETS:

United Capitol Insurance Company's ("United Capitol") investment portfolio consists of: (i) $130.3 million of fixed maturity investments (with a market value of $134.6 million at March 31, 1992); (ii) $1 million of redeemable preferred stock and $251,000 of common stock; and (iii) $24.8 million of short term investments and cash.

3. WARRANTS:

The Company has received approximately $1,525,400 from the exercise of 153,329 Series B Warrants and 165,652 Series C Warrants in the first three months of 1992.

On May 14, 1992, the Board of Directors (the "Board") of the Company accelerated the expiration dates of its Series B and Series C Warrants (collectively, the "Warrants") to July 14, 1992 from October 31, 1992 and June 30, 1993, respectively. The Board accelerated the expiration of the Warrants to guarantee the receipt of the warrant proceeds prior to the presently proposed closing of the acquisition of Surewest Financial Corp. ("Surewest"). All unexercised Warrants expire at the close of business on July 14, 1992.

NUCORP, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
March 31, 1992

Following is a discussion of the interim results of operations and financial condition of the Company for the three months ended March 31, 1992 compared to the corresponding period in 1991.

OVERVIEW

Nucorp, Inc. (the "Company" or "Nucorp") operates in two business segments: property and casualty insurance through United Capitol Holding Company's ("UCHC") wholly owned subsidiary, United Capitol Insurance Company ("United Capitol") and oil and gas production, exploration, and development through the Company's wholly owned subsidiaries, Pin Oak Petroleum, Inc. ("Pin Oak") and NI Acquisition Corp. ("NI").

The property and casualty insurance industry has been historically cyclical and characterized by periods of high premium rates and shortages of underwriting capacity ("hard markets") followed by periods of severe competition and excess underwriting capacity ("soft markets"). As an excess and surplus lines commercial insurer, United Capitol follows, rather than leads the insurance market.

During the current "soft market," United Capitol's written premiums have declined principally due to a reduction in the volume of policies written, as inadequately priced risks are refused, rather than due to a reduction in the rates being charged for the same exposures. In addition, United Capitol's writings of general liability coverage for asbestos abatement contractors continue to be eroded by the contraction of the asbestos abatement industry and by the continuing proliferation of competing insurers offering occurrence coverage on more liberal terms. Management believes the current market conditions in general and specifically with regard to the asbestos abatement liability business will continue throughout 1992. Further, management anticipates that the erosion of United Capitol's writings of general liability coverage on a claims-made form for asbestos abatement contractors, which historically has produced low loss ratios, will adversely affect United Capitol's loss ratio in 1992 compared to 1991.

The oil and gas industry has experienced a decline in both oil and gas prices from the higher prices a year ago. In addition to receiving lower prices, the oil and gas segment has lower production volume and increased production costs contributing to the decline in earnings for this segment in 1992 over the same period in 1991.

RESULTS OF OPERATIONS - THREE MONTHS ENDED MARCH 31, 1992 VS. 1991

Pretax income of the Company was $2.4 million for the first three months of 1992 compared to $2.1 million for the first three months of 1991. The property and casualty insurance operations contributed $2.7 million to pretax income in 1992 compared to $1.9 million in 1991. The oil and gas segment recorded a pretax loss of $126,000 in 1992 compared to pretax income of $335,000 in 1991. Corporate expenses exceeded corporate investment income by $167,000 and $169,000, respectively, in 1992 and 1991. The results of operations for each business segment of the Company are discussed below.

Property and Casualty Insurance

The growth in net written premiums experienced at the end of 1991 continued in the first quarter of 1992. The increase in submissions activity and net written premiums is due to strong broker support since United Capitol received its A- (Excellent) rating from A.M. Best Company, Inc. in May, 1991. Net earned premiums, which reflect the earnings of net written premiums ratably over the underlying policy terms, declined 11% in the first three months of 1992 compared to the corresponding period in 1991. The decrease in net earned premiums reflects the effect of prevailing competitive conditions, particularly in the asbestos abatement liability business on net written premiums.

Net investment income, inclusive of realized investment gains, net, was $3.2 million in the first three months of 1992 compared to $3.4 million in the first three months of 1991. The decrease is attributable to the effect of declining interest rates received on investments.

Net losses and loss adjustment expenses (which include actual claim payments and changes in the estimated liability for future reported and unreported claims) were $2.3 million in 1992 or 60.7% of net earned premiums compared to $2.5 million or 59.5% of net earned premiums in the first three months of 1991.

Net commissions and brokerage expenses expressed as a percentage of net written premiums decreased to 2.3% in 1992 from 8.5% in 1991. During the first quarter of 1992, the Company recorded a reinsurance contingent commission income adjustment of $200,000. No such adjustment was recorded in the first quarter of 1991. Excluding the effect of the reinsurance contingent commission income adjustment, net commissions declined 28% between 1992 and 1991, and net commissions paid decreased to 7.1% of net written premiums in 1992 from 8.5% in 1991.

Other acquisition and operating expenses, comprised largely of personnel costs and other relatively fixed expenses which do not vary directly with premium volume, were $825,000 for the first three months of 1992 compared to $1 million for the same period in 1991. This decline was due primarily to lower professional fees in 1992.

The statutory combined ratio, which reflects underwriting results but not investment income, is the traditional measure of underwriting performance of a property and casualty insurer. A combined ratio of less than 100% indicates underwriting profitability while a combined ratio in excess of 100% indicates an underwriting loss. The combined ratio is the sum of the loss ratio (losses and loss adjustment expenses incurred divided by net earned premiums) and the expense ratio (underwriting expenses divided by net written premiums). The property and casualty industry combined ratio was 108.8% for the year ended December 31, 1991.

The statutory combined ratio for United Capitol was 81.4% in the first three months of 1992 compared to 96.7% in the corresponding period in 1991. The increase in the loss ratio component to 60.7% from 59.5% was more than offset by a decrease in the expense ratio to 20.7% in 1992 from 37.2% in 1991. The expense ratio decrease reflects the impact of reduced operating expenses in relation to an increased net written premium base and the recording of $200,000 of reinsurance contingent commission income. Excluding the effect of the reinsurance contingent commission income adjustment, United Capitol's expense ratio was 25.5%, its combined ratio was 86.2% and its underwriting income was $410,000.

Interest expense decreased to $929,000 in 1992 compared to $1.4 million in 1991. The decrease in interest expense is attributable to a lower average outstanding loan balance in 1992 compared to 1991 and lower interest rates incurred on the outstanding debt.

Amortization expense decreased to $149,000 in the first three months of 1992 compared to $404,000 for the same period in 1991. Amortization expense in 1991 included amortization of excess cost over net assets acquired and amortization of other intangible assets associated with the acquisition of UCHC. Amortization expense in 1992 only includes amortization of excess cost over net assets acquired. Excess cost over net assets acquired is amortized over 40 years. Other intangible assets were amortized over twelve months from the date of acquisition of UCHC.

Oil and Gas Operations

Oil and gas revenues decreased 29.1% in 1992 from 1991 reflecting (i) the impact of decreased oil production coupled with lower oil prices and (ii) decreased gas production compounded by depressed gas prices.

The increase in oil and gas production expenses of 29.2% in 1992 from 1991 is attributable to a general increase in operating costs and increased operator overhead charges.

Depletion expense for the first three months of 1992 decreased 20.1% compared to the same period in 1991 as a result of decreased production and a lower valuation of the Company's of oil and gas reserves due to current economic conditions.

Corporate

Corporate investment income decreased 16.0% to $126,000 in 1992 from $150,000 in 1991. The decrease in investment income is a result of lower interest rates received by the Company on its investments.

FINANCIAL CONDITION

Corporate

The increase in the number of outstanding shares of the Company's common stock is a result of the issuance of stock in connection with the exercise of 153,329 Series B Warrants and 165,652 Series C Warrants during 1992. The increase in additional paid-in capital was attributable to the issuance of the Company's common stock and the recognition of the tax benefit of net operating tax loss carryforwards arising from periods prior to the reorganization.

LIQUIDITY AND CAPITAL RESOURCES

As a holding company, Nucorp derives cash from: its subsidiaries through dividend and income tax sharing payments; the issuance of common stock; the exercise of warrants; and interest income on invested assets held by the Company. The Company needs funds for general operating purposes, to finance acquisitions and, through NI, to service its long-term debt obligation incurred in connection with the acquisition of UCHC. Management believes the Company's current liquidity, together with funds available from subsidiaries and other sources, is adequate to meet its cash requirements for general corporate purposes in 1992. Additional funds for acquisition activities may be generated from proceeds of stock offerings, exercised warrants, acquisition indebtedness or some combination thereof.

NI's sources of funds are dividends and federal income tax sharing payments from UCHC. UCHC's tax sharing payments approximate the regular federal income tax rate of 34%. The funds dividended by the insurance operations are restricted pursuant to the credit agreement for use in servicing the debt incurred in connection with the acquisition of UCHC.

Within the insurance operations, United Capitol derives liquidity from net premium collections, reinsurance recoveries and investment earnings and uses these funds to pay claims and operating expenses and to make dividend and income tax sharing payments to UCHC and ultimately NI. Management believes the cash and short-term investments of United Capitol are sufficient to meet the cash requirements of the insurance operations including dividend and tax sharing payments. Management further believes total invested assets are sufficient in the aggregate and have suitably scheduled maturities to satisfy all policy claims and other operating liabilities of United Capitol

As of March 31, 1992, United Capitol's statutory policyholders' surplus was $68.1 million and its net premiums to statutory policyholders' surplus ratio was .2 to 1. Industry and regulatory guidelines suggest the ratio of a property and casualty insurer's net written premiums in the last twelve months to statutory policyholders' surplus not exceed 3 to 1 (NI's loan agreement limits this ratio further to 2 to 1). Management believes that United Capitol's statutory surplus is more than sufficient to support its current production level and does not anticipate any need to raise additional capital for United Capitol in the foreseeable future. Should United Capitol's income tax sharing payments and dividends, which are limited as to payment without prior approval by the Department of Insurance of Wisconsin, not be sufficient to cover future debt service requirements, United Capitol may request permission from the Wisconsin Department to pay additional dividends. In light of United Capitol's substantial capital in relation to its net written premiums, management further believes that permission to pay additional dividends would be granted provided such dividends do not materially reduce United Capitol's policyholders' surplus.

There are no restrictions with respect to Pin Oak Petroleum, Inc.'s ("Pin Oak") cash flows and the Company has the ability to transfer funds from Pin Oak as needed. Pin Oak's $5.7 million cash position at March 31, 1992, along with ongoing positive cash flows, are anticipated to be utilized for corporate expenses and the Company's acquisitions of other businesses in the future.

On March 25, 1992, the Company through its wholly owned subsidiary, SI Acquisition Corp., entered into a stock purchase agreement to acquire Surewest Financial Corp. ("Surewest"). Surewest, an insurance holding company, specializes in the underwriting of small fidelity and non-contract surety bonds through its wholly owned subsidiary, Western Surety Company. The consummation of the acquisition is subject to the satisfaction of several conditions, including financing, due diligence, approval by certain state insurance regulatory authorities, termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and there being no material adverse changes to the business of Surewest through the date of closing. There can be no assurance that any or all of the conditions to the acquisition agreement will be met and that the acquisition will be consummated.

In connection with the funding of the acquisition of Surewest, the Company announced on May 14, 1992 the acceleration of the expiration of its Series B and Series C Warrants (collectively, the "Warrants"). The expiration dates of the Series B and Series C Warrants have been accelerated to July 14, 1992 from October 31, 1992 and June 30, 1993, respectively. The expiration of the Warrants was accelerated in order to guarantee the receipt of the proceeds prior to the presently proposed closing of the Surewest acquisition.

NUCORP, INC. AND SUBSIDIARIES

PART II - OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K:

(a) Exhibits:

(11) Earnings per share computation.

(b) Reports on Form 8-K:

Form 8-K dated March 25, 1992, regarding the purchase agreement among Nucorp, Inc., SI Acquisition Corp. and Surewest Financial Corp.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

NUCORP, INC.
(Registrant)

Arthur A. Greenberg
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

James J. Patterson

James J. Patterson
Vice President and Controller
(Principal Accounting Officer)

Date: May 14, 1992

EXHIBIT 11

NUCORP, INC. AND SUBSIDIARIES
EARNINGS PER SHARE COMPUTATION
FOR THE PERIODS ENDED March 31, 1992 AND 1991

(Amounts in thousands except share and per share amounts)

(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Net income as reported	$ 1,610	$ 1,401
Reduction of interest expense, net of income taxes[1]	184	306
Total	$ 1,794	$ 1,707
Shares:		
Average shares outstanding	7,462,465	7,387,165
Additional shares from assumed warrant exercise over 20% limit of shares outstanding[2]	3,145,218	3,200,574
Total shares outstanding for calculation	10,607,683	10,587,739
Earnings per share based on:		
Average common shares outstanding	$ 0.22	$ 0.19
Average common and common equivalent shares outstanding	$ 0.17	$ 0.16

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(1) Represents assumed interest expense savings, net of income taxes, on proceeds from exercise of warrants in excess of proceeds used to purchase 20% of the ending outstanding shares of common stock.

(2) Shares assumed outstanding under the treasury stock method representing the additional shares to be issued if outstanding warrants were exercised and the proceeds used to purchase 20% of the outstanding shares.

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended June 30, 1992 Commission File No. 0-14893

RESEARCH FRONTIERS INCORPORATED
(Exact name of registrant as specified in charter)

Delaware (State of incorporation or organization)	11-2103466 (IRS Employer Identification No.)
240 Crossways Park Drive, Woodbury, N.Y. (Address of principal executive offices)	11797 (Zip Code)

(516) 364-1902
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No _

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of August 7, 1992, there were outstanding 3,745,995 shares of Common Stock, par value $0.125 per share.

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RESEARCH FRONTIERS INCORPORATED

Condensed Balance Sheets

Assets	June 30,1992 (Unaudited)	Dec.31,1991
Current assets:		
Cash	$ 523,476	363,044
Investments, at cost	3,907,503	4,376,652
Accrued interest receivable	-	8,044
Accrued royalty receivable	107,500	-
Prepaid expenses and other current assets	23,920	11,340
Total current assets	4,562,399	4,759,080
Fixed assets, net of accumulated depreciation of $249,506 and $186,426	119,854	128,702
Deposits and other assets	39,097	35,971
Total assets	$ 4,721,350	4,923,753
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	39,683	41,440
Deferred revenue	107,143	-
Other accrued expenses	49,313	145,795
Current maturities of capital lease obligation	2,307	2,144
Total current liabilities	198,446	189,379
Capital lease obligation, net of current maturities	9,167	10,381
Total liabilities	207,613	199,760
Shareholders' equity:		
Capital stock, par value $.125 per share; authorized 20,000,000 shares, issued and outstanding 3,755,495 shares and 3,685,045 shares	469,437	460,631
Additional paid-in capital	14,016,867	13,587,575
Deficit	(9,670,067)	(9,021,713)
	4,816,237	5,026,493
Note receivable from officer for exercise of stock option	(302,500)	(302,500)
Total shareholders' equity	4,513,737	4,723,993
	$ 4,721,350	4,923,753

See accompanying notes to condensed financial statements.

RESEARCH FRONTIERS INCORPORATED

Condensed Statements of Operations

(Unaudited)

	Six months ended		Three months ended	
	June 30,1992	June 30,1991	June 30,1992	June 30,1991
Income:				
Fee income	$ 170,342	221,000	$ 114,092	61,000
Interest income	95,194	4,739	59,377	1,327
	265,536	225,739	173,469	62,327
Operating expenses	398,720	212,963	258,941	147,365
Research and development	515,170	427,864	242,166	192,056
	913,890	640,827	501,107	339,421
Net loss	$ (648,354)	(415,088)	$ (327,638)	(277,094)
Net loss per share	$ (.17)	(.16)	$ (.09)	(.11)
Weighted average number of common shares outstanding	3,744,223	2,595,411	3,755,495	2,611,877

See accompanying notes to condensed financial statements.

RESEARCH FRONTIERS INCORPORATED

Condensed Statements of Cash Flows

(Unaudited)

	Three months ended June 30,1992	Three months ended June 30,1991
Cash flows from operating activities:		
Net loss	$ (648,354)	(415,088)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	35,315	29,903
Increase in accrued royalty receivable	(107,500)	(81,013)
Decrease in accrued interest receivable	8,044	1,495
(Increase) decrease in other assets	(12,580)	2,487
Increase in cash surrender value of officers life insurance	(3,125)	-
Increase (decrease) in accounts payable & accrued expenses	(98,239)	64,870
Increase (decrease) in deferred revenues	107,143	(140,000)
Net cash used in operating activities	(719,296)	(537,346)
Cash flows from investing activities:		
Capital expenditures	(26,468)	(4,771)
Decrease in short-term investments	469,149	196,460
Net cash provided by investing activities	442,681	191,689
Cash flows from financing activities:		
Proceeds from sale of common stock	438,098	443,902
Proceeds from issuance of convertible notes payable	-	300,000
Payments on capital lease obligation	(1,051)	-
Net cash provided by financing activities	437,047	743,902
Net increase in cash	160,432	398,245
Cash at beginning of year	363,044	319,787
Cash at end of period	$ 523,476	718,032

See accompanying notes to condensed financial statements.

RESEARCH FRONTIERS INCORPORATED

Notes to Condensed Financial Statements

June 30, 1992

(Unaudited)

Basis of Presentation

The financial information included herein is unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of the financial position, results of operations, and cash flows for the interim periods to which the report relates. The results of operations for the six-month period ended June 30, 1992 are not necessarily indicative of the results to be expected for the full year. The notes included herein should be read in conjunction with the notes to financial statements of the Company at December 31, 1991 and for the three years then ended, included in the Company's Annual Report on Form 10-K.

Business

Research Frontiers Incorporated (the Company) is primarily engaged in the development and marketing of technology and devices to control the flow of light. Such devices, often referred to as "light valves", use a fluid suspension of microscopic particles that is either in the form of a liquid suspension or a film, which is enclosed between two plates, at least one of which is transparent.

Financial Condition, Liquidity and Capital Resources

During the first six months of 1992, the Company's cash and short-term investments decreased by approximately $308,000 due to the use of cash to cover operating expenses (approximately $719,000) offset somewhat by the proceeds from the sale of common stock from the exercise of an overallotment option by the representatives of the underwriters in the Company's December 1991 public offering (approximately $438,000) and royalties received in the amount of $170,000.

At June 30, 1992, the Company had working capital of approximately $4,364,000 and its stockholders' equity was approximately $4,514,000.

Results of Operations for the Six Month Periods Ended June 30, 1992 and 1991

Fee income decreased by approximately $51,000 from approximately $221,000 for the first six months of 1991 to approximately $170,000 for the first six months of 1992. This decrease is primarily the result of $90,000 in royalty income which was recognized by the Company in the first quarter of 1991. This $90,000 was received by the Company in February 1989 in connection with a license agreement entered into between the Company and two Japanese corporations. This amount was included in deferred revenue, and in February 1991, the period covering the deferral expired and the Company recognized the full amount as royalty income.

Interest income increased by approximately $90,000 for the first six months of 1992. This increase resulted from the Company investing the funds received from the sale of common stock and warrants in 1991 and 1992.

Operating expenses increased by $185,757 from $212,963 for the first six months of 1991 to $398,720 for the first six months of 1992. This increase was primarily a result of increased salaries, public relations costs, and the addition of three employees.

Research and development costs increased by $87,306 from $427,864 for the first six months of 1991 to $515,170 for the first six months of 1992. This increase is due to higher salaries and related expenses as well as higher material costs.

As a consequence of the factors discussed above, net loss was $648,354 ($.17 per share) for the first six months of 1992 as compared to $415,088 ($.16 per share) for the first six months of 1991.

Results of Operations for the Three Month Periods Ended June 30, 1992 and 1991

Fee income increased by approximately $53,000 from $61,000 for the three months ended June 30, 1991 to approximately $114,000 for the three months ended June 30 1992. This increase is due to royalties recorded under the Company's new license agreement with Glaverbel S.A.

Interest income increased by approximately $58,000 from $1,327 for the three months ended June 30, 1991 to $59,377 for the three months ended June 30, 1992. This increase resulted from the increased funds available for investment due to the sales of common stock and warrants in 1991 and 1992.

Operating expenses increased by approximately $112,000 from $147,635 for the three months ended June 30, 1991 to $258,941 for the three months ended June 30, 1992. This increase was principally due to higher payroll and related costs since the Company has hired three new employees.

Research and development costs increased by approximately $50,000 from $192,056 for the three months ended June 30, 1991 to $242,166 for the three months ended June 30, 1992. This increase was due to higher salaries and related costs as well as higher material costs.

As a consequence of the factors discussed above, net loss was $327,638 ($.09 per share) for the three months ended June 30, 1992 as compared to $277,094 ($.11 per share) for the comparable period a year ago.

PART II. OTHER INFORMATION

Item 5. Other Information

The Company is working to eliminate most of the haze present in the film form of its proprietary fluid suspension and has already made significant progress. If and when a low haze film is ready, the new film will need to be tested by the Company with respect to stability when exposed to high temperatures and ultraviolet radiation.

Effective July 31, 1992 the Company entered into a new license agreement with its licensees Northern Engraving Corporation and National Decorated Products, Inc. which replaces the original non-military automotive display license agreement between the parties and the two amendments thereto. The new agreement increases the fees payable to the Company for any additional training requested by licensee from $500 to $750 per man/day, increases from six to twenty years the term under which confidential information may not be disclosed, doubles the minimum annual royalties payable to the Company after 1993 to $200,000, increases the minimum annual royalties payable under any sublicense from $25,000 to $100,000, and modifies the payment and termination dates and notice provisions under the license. The agreement also modifies the Company's obligation regarding, and the consequences from, third party infringement, and adds regulatory compliance, insurance and indemnification provisions in favor of the Company. The licensee's obligation to pay minimum annual royalties for 1992 and 1993 are replaced with a single lump sum payment of $200,000 which is payable only if the licensee wishes to continue the license past 1993.

On July 7, 1992 the Company announced that its Board of Directors had authorized the Company to make discretionary purchases in the open market of up to 200,000 shares of its own common stock. Whether actual purchases are made will depend upon market conditions and other factors as they exist from time to time. As of August 7, 1992, the Company has purchased 9,500 shares of common stock in the open market.

On July 2, 1992, Robert L. Saxe, the Company's president, and the Company agreed to amend the terms of the Company's existing loan to Mr. Saxe to extend the term of such loan for an additional three years until September 30, 1995 and effective October 1, 1992, increases the annual interest rate applicable to such loan from 10.25% to 10.5%.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

1. License Agreement effective as of July 31, 1992 between the Company and Northern Engraving Corporation and National Decorated Products, Inc.

(b) Reports on Form 8-K. The Company filed with the Commission a Current Report on Form 8-K dated June 16, 1992 which disclosed in Item 5 the terms of an option agreement under which the Company gave its licensee Glaverbel, S.A. the right to enter into a license agreement covering non-military transportation vehicle windows.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunder duly authorized.

RESEARCH FRONTIERS INCORPORATED
(Registrant)

/s/ Robert L. Saxe
Robert L. Saxe, President and Treasurer
(Principal Executive, Financial, and
Accounting Officer)

Date: August 10, 1992

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

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Corporation
St. Petersburg, FL

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1992

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from .... to............

Commission File Number 1-7584

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	74-1079400 (I.R.S. Employer Identification No.)
2800 Post Oak Boulevard P. O. Box 1396 Houston, Texas (Address of principal executive offices)	77251 (Zip Code)

Registrant's telephone number, including area code (713) 439-2000

None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

The number of shares of Common Stock, par value $1.00 per share, outstanding as of June 30, 1992 was 100.

PART I — FINANCIAL INFORMATION

Item 1. *Financial Statements.*

Company or group of companies for which report is filed:

TRANSCONTINENTAL GAS PIPE LINE CORPORATION (TGPL)

The condensed financial statements included herein have been prepared by TGPL, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of TGPL's management, however, all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the financial position as of the date and results of operations for the periods included herein have been made and the disclosures contained herein are adequate to make the information presented not misleading. These condensed financial statements should be read in conjunction with the financial statements, notes thereto and management's discussion contained in Items 7 and 8 of TGPL's 1991 Annual Report on Form 10-K and included in TGPL's 1992 First Quarter Report on Form 10-Q.

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

CONDENSED BALANCE SHEET
(Thousands of Dollars)

	June 30, 1992	December 31, 1991
ASSETS		
Current Assets:		
Cash	$ 2,327	$ 23,928
Receivables	49,733	73,792
Advances to Transco	—	3,196
Transportation and exchange gas receivable:		
Affiliates	—	512
Others	—	5,188
Producer settlement costs recoverable from customers	57,472	53,400
Inventories	69,533	72,520
Prepaid gas purchases	2,458	4,331
Deferred income tax benefits	1,851	30,850
Other	15,558	12,185
Total current assets	198,932	279,902
Property, Plant and Equipment, at cost:		
Natural gas transmission plant	4,101,580	4,061,869
Less — Accumulated depreciation and amortization	2,335,316	2,276,529
Property, plant and equipment, net	1,766,264	1,785,340
Other Assets:		
Producer settlement costs recoverable from customers	—	35,243
Transportation and exchange gas receivable:		
Affiliates	12,749	13,656
Others	151,319	138,361
Notes receivable	15,723	15,723
Prepaid gas purchases	4,076	4,076
Other	88,023	86,604
Total other assets	271,890	293,663
	$2,237,086	$2,358,905

The accompanying condensed notes are an integral part of these condensed financial statements.

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

CONDENSED BALANCE SHEET
(Thousands of Dollars)

	June 30, 1992	December 31, 1991
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 39,556	$ 44,600
Payables	125,454	149,488
Transportation and exchange gas payable:		
Affiliates	—	36
Others	—	3,764
Accrued liabilities	110,350	116,055
Reserve for producer settlements, legal and regulatory issues	72,748	170,239
Reserve for rate matters	106,160	106,267
Other	27,928	10,367
Total current liabilities	482,196	600,816
Long-Term Debt, less current maturities	665,634	686,064
Other Liabilities and Deferred Credits:		
Income taxes	273,061	295,212
Income taxes refundable to customers	48,208	53,391
Transportation and exchange gas payable:		
Affiliates	932	1,139
Others	111,981	117,634
Other	66,887	73,800
Total other liabilities and deferred credits	501,069	541,176
Commitments and contingencies		
Cumulative Redeemable Preferred Stock, without par value:		
Authorized 10,000,000 shares:		
Stated value $100 per share, issued and outstanding 1,029,893 and 1,060,586 shares in 1992 and 1991, respectively	102,989	106,059
Less — Issue expense	766	811
Total preferred stock	102,223	105,248
Cumulative Redeemable Second Preferred Stock, without par value:		
Authorized 2,000,000 shares; none issued or outstanding	—	—
Common Stockholder's Equity:		
Common stock $1.00 par value: 100 shares authorized, issued and outstanding	—	—
Premium on capital stock and other paid-in capital	190,816	152,370
Retained earnings	295,148	273,231
Total common stockholder's equity	485,964	425,601
	$2,237,086	$2,358,905

The accompanying condensed notes are an integral part of these condensed financial statements.

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

CONDENSED STATEMENT OF INCOME
(Thousands of Dollars)

	Three Months Ended June 30,	
	1992	1991
Operating Revenues:		
Natural gas sales	$134,651	$131,932
Natural gas transportation	147,970	119,122
Other	1,382	1,865
Total operating revenues	284,003	252,919
Operating Costs and Expenses:		
Cost of natural gas sales	105,616	93,163
Cost of natural gas transportation	16,328	9,513
Operation and maintenance	45,346	43,625
Administrative and general	31,235	32,869
Provision for regulatory issues	—	10,000
Provision for asset impairments	—	10,071
Depreciation and amortization	28,337	27,016
Taxes — other than income taxes	8,182	7,305
Total operating costs and expenses	235,044	233,562
Operating Income	48,959	19,357
Other (Income) and Other Deductions:		
Interest expense — affiliates	389	13
— other	17,632	20,638
Interest income — affiliates	(11)	(756)
— other	(1,687)	(2,582)
Allowance for equity and borrowed funds used during construction (AFUDC)	(1,548)	(3,901)
Miscellaneous other (income) and deductions, net	2,008	2,943
Total other (income) and other deductions	16,783	16,355
Income Before Income Taxes	32,176	3,002
Provision for Income Taxes	10,921	182
Net Income	21,255	2,820
Dividends on Preferred Stock	2,161	2,216
Common Stock Equity in Net Income	$ 19,094	$ 604

The accompanying condensed notes are an integral part of these condensed financial statements.

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

CONDENSED STATEMENT OF INCOME
(Thousands of Dollars)

	Six Months Ended June 30,	
	1992	1991
Operating Revenues:		
Natural gas sales	$265,036	$321,666
Natural gas transportation	305,724	246,342
Other	2,892	3,870
Total operating revenues	573,652	571,878
Operating Costs and Expenses:		
Cost of natural gas sales	212,599	234,424
Cost of natural gas transportation	31,850	20,519
Operation and maintenance	87,433	91,169
Administrative and general	63,330	65,298
Provision for producer settlements, legal and regulatory issues	31,000	10,000
Provision for asset impairments	—	10,071
Depreciation and amortization	56,562	53,813
Taxes — other than income taxes	16,440	14,731
Total operating costs and expenses	499,214	500,025
Operating Income	74,438	71,853
Other (Income) and Other Deductions:		
Interest expense — Transition Cost proceeding	778	—
— affiliates	597	13
— other	37,614	41,720
Interest income — affiliates	(127)	(3,189)
— other	(3,959)	(6,983)
Allowance for equity and borrowed funds used during construction (AFUDC)	(3,426)	(6,930)
Miscellaneous other (income) and deductions, net	4,220	5,586
Total other (income) and other deductions	35,697	30,217
Income Before Income Taxes	38,741	41,636
Provision for Income Taxes	12,464	13,582
Net Income	26,277	28,054
Dividends on Preferred Stock	4,360	4,510
Common Stock Equity in Net Income	$ 21,917	$ 23,544

The accompanying condensed notes are an integral part of these condensed financial statements.

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

CONDENSED STATEMENT OF CASH FLOWS

(Thousands of Dollars)

	Six Months Ended June 30	
	1992	1991
Cash flows from operating activities:		
Net income	$ 26,277	$ 28,054
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	63,660	59,598
Deferred income taxes	1,664	(21,094)
Transition Cost refund	(74,104)	—
Provision for producer settlements, legal and regulatory issues	31,000	10,000
Provision for asset impairments	—	10,071
Nonrecoverable producer settlements	(58,660)	(45,681)
TranStock compensation expense	2,437	3,778
Allowance for equity funds used during construction	(1,054)	(4,572)
(Increase) decrease in:		
Receivables	22,434	14,182
Transportation and exchange gas receivable	(6,351)	(4,766)
Inventories	2,987	11,351
Prepaid gas purchases	1,873	308
Increase (decrease) in:		
Payables	(22,416)	(49,045)
Transportation and exchange gas payable	(9,660)	7,301
Accrued liabilities	(4,705)	886
Reserve for rate matters	668	29,867
Deferred gas costs	14,585	(701)
Other, net	18,735	2,942
Net cash provided by operating activities	9,370	52,479
Cash flows from financing activities:		
Retirement of long-term debt	(45,600)	(64,500)
Retirement of preferred stock	(3,064)	(4,593)
Advances from Transco	454,328	—
Retirements of advances from Transco	(454,328)	—
Capital contribution by parent	36,048	—
Dividends on preferred stock	(4,402)	(4,589)
Other, net	(216)	5,288
Net cash used in financing activities	(17,234)	(68,394)
Cash flows from investing activities:		
Property, plant and equipment, net of equity AFUDC	(51,432)	(107,001)
Recoverable producer settlements	—	(30,089)
Recovery of producer settlements	30,429	30,805
Advances to Transco	(147,113)	(572,812)
Retirement of advances to Transco	150,309	707,733
Notes receivable	—	(16,000)
Other, net	4,070	(731)
Net cash provided by (used in) investing activities	(13,737)	11,905
Net decrease in cash and cash equivalents	(21,601)	(4,010)
Cash and cash equivalents at beginning of period	23,928	7,403
Cash and cash equivalents at end of period	$ 2,327	$ 3,393
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest (net of amount capitalized)	$ 60,469	$ 34,426
Income taxes, net	749	13,992

The accompanying condensed notes are an integral part of these condensed financial statements.

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS

A. Corporate Structure and Control

Transcontinental Gas Pipe Line Corporation (TGPL) is a wholly-owned subsidiary of Transco Gas Company (TGC). TGC is a wholly-owned subsidiary of Transco Energy Company and, as used herein, the term Transco refers to Transco Energy Company and its wholly-owned subsidiaries unless the context otherwise requires.

The condensed financial statements have been prepared from the books and records of TGPL without audit. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in TGPL's 1991 Annual Report on Form 10-K and included in the Form 10-Q for the quarter ended March 31, 1992 (First Quarter Form 10-Q).

Certain reclassifications have been made in the 1991 financial statements to conform to the 1992 presentation.

TGPL is a member of an operating group under the control of Transco and engages in transactions with other members of the group, characteristic of group operations. For consolidated cash management purposes, TGPL has made interest bearing advances to and received interest bearing advances from Transco. These advances are represented by demand notes. TGPL repaid advances received from Transco during the second quarter of 1992. As general corporate policy, the interest rate on intercompany demand notes is 1½% below the prime rate of Citibank, N.A. Also during the second quarter of 1992, TGPL received a capital contribution from Transco in the amount of $36 million.

Transco has a financing plan (Financing Plan), whereby Transco Energy Company is the principal financing entity for all subsidiary capital requirements. The Financing Plan provides Transco with greater financial flexibility, at equivalent costs, in managing the cash requirements of all its subsidiaries, including TGPL.

B. Regulatory Matters

There have been no new developments from those described in the 1991 Annual Report on Form 10-K and the First Quarter Form 10-Q with regard to the Transition Cost proceeding, except that the petitions for review of the Federal Energy Regulatory Commission's (FERC) January 15, 1992 order filed in the United States Court of Appeals for the D.C. Circuit (D.C. Circuit) have been transferred to the United States Court of Appeals for the Fifth Circuit (Fifth Circuit) and consolidated with the petitions for review of such order filed in the Fifth Circuit.

Rate matters. On June 4, 1992, the FERC issued its final order on rehearing TGPL's Rate Settlement and GIC Settlement (Docket No. RP90-8). No parties filed for rehearing of the June 4, 1992 order and that order became effective and no longer subject to rehearing on July 6, 1992. As a result, on August 5, 1992, TGPL made refunds to its customers of approximately $102 million, including interest, for differences between filed rates and settlement rates. TGPL had provided a reserve for these refunds.

On March 2, 1992, TGPL filed with the FERC a general rate case and a certificate application to implement an incentive ratemaking program. The general rate case filing (Docket No. RP92-137) proposes an annual increase in revenues of $234 million, based primarily on increases in operating and maintenance costs, including those associated with additional services provided to TGPL's markets since its last general rate case filing and increased cost of capital. The filing also includes changes in rate design and an increase in rate base resulting from additional plant and higher working capital requirements.

The certificate application to implement an incentive ratemaking program, filed as a Section 7(c) certificate application (Docket No. CP92-378) is designed to be consistent with recent FERC decisions to move toward market-driven rate structures and away from cost-based rate design.

The general rate case filing and the incentive ratemaking certificate application include:

- Use of straight fixed-variable (SFV) rate design, which is consistent with the FERC's recently issued Order 636 discussed below under *Other Regulatory Matters*. Under the SFV approach, all fixed costs, including return on equity and associated taxes, are included in the demand charge component (a fixed monthly charge) and only variable costs will be recovered through a commodity charge on volumes transported each month. Under SFV, pipelines will be able to recover all fixed costs allocable to firm transportation regardless of the volume of gas that is actually transported.
- An incentive ratemaking program on the TGPL system based on a "yardstick competition" approach, which sets rates based on an average cost of service for TGPL's competitors. TGPL would be allowed to recover in its transportation rates industry average costs for certain major cost categories. This approach, using the costs of other pipelines to set rates, creates incentives for TGPL to lower costs and improve services. A "fail-safe" mechanism would help ensure that the new program does not result in either excessive or deficient revenues by establishing a "zone of reasonableness" for operating income based on a target rate of return. If actual operating income falls outside the zone of reasonableness, the excess or deficit would be shared with customers. Rates would be adjusted annually to reflect changes in competitors' average cost.
- A secondary capacity market created through programs to handle both assignment and release of firm capacity. Under the capacity assignment program, market-area firm transportation (FT) capacity holders could trade or sell their contract rights in a price-deregulated secondary market. Under the capacity release program, TGPL could purchase FT capacity from such holders at negotiated prices and resell it at unregulated rates.

On April 9, 1992, the FERC accepted the general rate case filing and suspended the effectiveness of the proposed rates until September 1, 1992. The FERC also set the issue of rate of return for an expedited hearing with the contemplation that a final determination could be made on that component of the rate case before September 1992, when the new rates may be placed in effect. The expedited hearing proceeded before an Administrative Law Judge (ALJ) on June 10, 1992. At the conclusion of the hearing on June 12, 1992, TGPL reached an agreement with the FERC staff on a settlement proposal on the rate of return issue. The agreement provided for a pre-tax return on rate base of 15.4% compared to the current pre-tax return on rate base of 14.5% provided in TGPL's general rate case settlement in Docket No. RP90-8. Certain other parties opposed the settlement. Under this proposed settlement, TGPL's annual increase in revenues would be reduced by approximately $42 million from the filed $234 million. The ALJ declined to certify this settlement to the FERC and on July 10, 1992, the ALJ issued an initial decision which would establish an allowed rate of return lower than that requested by TGPL and would be based on TGPL's capital structure rather than Transco's consolidated capital structure. Such lower rate of return would result in a pre-tax return on rate base of 14.1%. If the ALJ decision is accepted by the FERC and such rates are placed in effect, TGPL's annual increase in revenues would be reduced by approximately $62 million from those originally proposed. TGPL and certain other parties have filed exceptions to the ALJ decision before the FERC. A FERC decision on the rate of return issue is expected before September 1992. Subject to the final resolution of the rate of return issue and a technical conference on certain other issues, the new rates will become effective September 1, 1992, subject to refund.

On March 11, 1992, TGPL submitted a tariff filing (Docket No. RP92-108) to the FERC proposing rolled-in rate treatment of the Mobile Bay facilities to replace the incremental rates currently being charged on the Mobile Bay line. In addition, the filing proposes a rate design for the Mobile Bay facilities that is consistent with the change to SFV rate design included in TGPL's general rate case.

Order 636 allows pipelines to file to consolidate relevant proceedings with their Order 636 compliance filing proceedings. Therefore, on April 29, 1992, TGPL filed a motion to (1) consolidate its rate case (Docket No. RP92-137), its rate design case related to its Mobile Bay facilities (Docket No. RP92-108) and its incentive rate filing (Docket No. CP92-378) with its Order 636 compliance filing (see Order 636 below) and (2) vacate the expedited procedures established for the general rate case and rate design case.

On May 28, 1992, the FERC issued an order granting in part and denying in part TGPL's motion. The May 28 order granted TGPL's motion with respect to certain aspects of TGPL's pending rate case in Docket No. RP92-137, including the change to the SFV rate design method and all other rate design and cost allocation issues, as well as TGPL's rate design proposals in Docket No. RP92-108 to establish an interruptible pooling service rate schedule and to roll-in the costs of the Mobile Bay onshore facilities with TGPL's system-wide cost of service. These issues will now be resolved in the Order 636 proceeding. The FERC denied TGPL's motion with respect to the cost of service issue in Docket No. RP92-137, finding that a decision on TGPL's filed rate of return should be reached as soon as possible, and that it is unnecessary to consolidate the other cost of service issues with TGPL's Order 636 proceeding. The May 28 order reestablished an expedited hearing schedule for the rate of return issue. Pursuant to this schedule, as discussed above, the initial decision from the ALJ was issued on July 10, 1992. The May 28 order set the remaining cost of service issues on a 15-month hearing schedule. The FERC also decided that certain tariff changes proposed by TGPL could be resolved by a technical conference. The May 28 order also denied TGPL's request for consolidation with respect to its incentive ratemaking and capacity release proposals, finding that it would be premature to consolidate TGPL's incentive ratemaking proposal while the FERC is analyzing comments received on its proposed policy statement on incentive rates and that TGPL's capacity release proposal already has been addressed by the FERC's companion order to Order 636.

Fuel retention proceedings. On February 23, 1989, the FERC issued an order which found, among other things, that TGPL had overcollected for fuel from transportation customers during the period April 1, 1984 to April 1, 1987. The order required TGPL to refund the difference between the amount collected and the rate allowed for fuel retention. Accordingly, TGPL made refunds to customers of approximately $35 million, including interest. Some customers challenged the amount of refunds, claiming that the assumption or basis on which TGPL calculated the refunds yielded amounts lower than they otherwise should have been. On February 6, 1992, the FERC issued an order requiring TGPL to recalculate the amount of refunds and to make additional refunds, if necessary, plus interest for the period from April 1, 1984 to April 1, 1987 within thirty days following the issuance of the order. The FERC subsequently extended the time to make such refunds to August 17, 1992. TGPL requested rehearing of the February 6, 1992 order and on July 24, 1992, the FERC denied such request for rehearing and directed TGPL to file by August 24, 1992 a refund plan with the FERC which must describe TGPL's proposed disposition of the refunds and show in detail the calculations used to derive the amount of the refund owed. Pursuant to the July 24 order, TGPL's obligation to make refunds was stayed until after the FERC has acted on TGPL's refund plan. Under the revised calculation, TGPL anticipates that additional refunds of approximately $8 million, including interest, will be required. TGPL has provided a reserve to cover the refunds that would result from the order.

Other Regulatory Matters

There have been no new developments from those described in the 1991 Annual Report on Form 10-K and the First Quarter Form 10-Q with regard to Order 500 and Order 528.

Order 94-A. In 1983, the FERC issued Order 94-A, which permitted producers to collect certain production-related costs from pipelines on a retroactive basis. The FERC subsequently issued orders allowing several pipelines, including TGPL, to bill their customers for such production-related costs through fixed monthly charges based on a customer's historical purchases. In February 1990, the D.C. Circuit Court ruled that the FERC's authorization for pipelines to directly bill production-related costs to customers based on gas purchased in prior periods violated the "filed rate doctrine" and remanded it to the FERC.

TGPL's GIC Settlement, as described in the 1991 Annual Report on Form 10-K, contains a provision pursuant to which TGPL's customers, with the exception of Columbia Gas Transmission Corporation (Columbia), have agreed not to contest the Order 94-A payments previously made by them. TGPL had billed to and recovered from Columbia approximately $7 million of Order 94-A costs. Columbia claims that TGPL should refund these costs, plus interest, pending a determination by the FERC of the appropriate Order 94-A costs, if any, to be paid by Columbia. The FERC denied Columbia's request but directed TGPL to initiate a separate proceeding to resolve the issue between TGPL and Columbia. Columbia has filed a petition for review of the FERC's order with the D.C. Circuit Court. TGPL has obtained permission from the court overseeing Columbia's bankruptcy petition to initiate the proceeding at the FERC. TGPL made a filing with the FERC on March 31, 1992 to initiate that proceeding.

Orders 636 and 636-A. On April 8, 1992, the FERC issued Order 636, its final rule in the Mega-NOPR proceedings. Order 636 makes fundamental changes in the way natural gas pipelines will conduct their business. The FERC's stated purpose of Order 636 is to improve the competitive structure of the natural gas pipeline industry by, among other things, unbundling a pipeline's merchant role from its transportation services. Under such order, pipelines will be required to ensure "equality" of transportation services between customers purchasing gas from such pipeline and those purchasing gas from other suppliers. Order 636 also requires open-access pipelines to provide firm shippers on downstream pipelines with access to storage facilities and to transportation capacity held by downstream pipelines on upstream pipelines, to ensure that all shippers have access to all sources of gas in the same manner as customers purchasing gas from pipelines. In addition, Order 636 requires pipelines to offer a "no-notice" firm transportation service that is intended by the FERC to be equal in quality to the transportation component of the bundled sales service previously rendered by pipelines. Order 636 authorized pipelines to charge appropriate reservation charges or fees for such new firm services.

Order 636 also changed the rate design methodology used for pipeline transportation rates from modified fixed variable to SFV, unless the pipeline company and its customers, with FERC approval, agree to a different form of rate design. Under the SFV methodology, all fixed costs, including return on equity and associated taxes, will be included in the demand charge (a fixed monthly charge) and only variable costs, such as fuel, will be recovered through a commodity charge applied to volumes transported each month. Under the SFV methodology, pipelines will be able to recover all fixed costs regardless of the volume of gas that is actually transported.

Once the initial restructuring proceedings are complete, Order 636 provides for pregranted abandonment of pipeline service obligations upon termination of the underlying transportation or sales contracts, with only one exception. The exception applies to long-term firm transportation contracts, *i.e.*, transportation contracts of over one year in duration. With long-term firm transportation contracts, the customer has a right of first refusal which permits the existing customer to retain its capacity rights by matching the price and terms offered for that capacity by a third party. Order 636 requires pipelines to implement a new capacity reallocation mechanism so that firm shippers can release unwanted capacity, on a temporary or permanent basis, to those desiring capacity. This program is intended to facilitate a secondary market in firm pipeline capacity.

The FERC recognized that there would be costs associated with compliance under Order 636 and that pipelines should be allowed to recover such costs. Order 636 refers to these costs as "transition costs" and sets forth methods for recovery by pipelines of four types of transition costs that pipelines may incur as a result of the rulemaking. First, existing unrecovered gas costs will be recovered through direct billing of pipeline customers. Second, gas supply "realignment costs", *i.e.*, those costs incurred to conform post-restructuring gas supply with customer demand after unbundling, are eligible for 100% recovery to the extent prudently incurred. Third, the cost of stranded pipeline investment resulting from restructuring will be eligible for recovery in the pipeline's first post-restructuring rate case. Fourth, any costs of new facilities required because of the transition will also be eligible for recovery in the pipeline's first post-restructuring rate case.

Order 636 requires that each pipeline go through a restructuring proceeding in which the pipeline, its customers, and other interested parties will fashion the detail of such pipeline's arrangements to implement the provisions of the final rule.

On August 3, 1992, the FERC largely reaffirmed Order 636 in its issuance of Order 636-A. However, Order 636-A did include some modifications from the original order, including provisions that pipelines:

- Maintain their one-part volumetric rates, computed on an imputed load factor, on a permanent basis for transportation service to small customers.
- Offer to sell gas on an unbundled basis to small customers at a cost-based rate, for a one-year period.
- Provide a capacity release program. However, such program must permit capacity releases for periods of less than one calendar month without prior posting for bids on the electronic bulletin board.
- Recover 10% of their gas supply realignment transition costs through Part 284 interruptible transportation (IT) rates (compared to 100% recovery through a reservation fee surcharge in Order 636). The collection of such transition costs through IT rates would not be a surcharge, but would be reflected in the calculation of IT rates. The FERC states that it does not intend for pipelines to have to absorb the portion of those transition costs assigned to IT transportation, and encourages the parties to be creative in fashioning rate mechanisms, such as true-up mechanisms, that provide a reasonable opportunity for pipelines to recover (but not to overrecover) these costs.
- Use the SFV methodology for rate design and cost allocation proposals, but also consider the use of other ratemaking techniques to design rates which result in equitable treatment of customers with varying load factors.

Order 636-A also makes numerous other modifications and clarifications to Order 636 in response to requests for rehearing filed by various parties. Certain parties may request a rehearing with the FERC of the provisions contained in Order 636-A.

TGPL has made substantial progress toward implementing the various changes required by Order 636 and is intent on completing its restructuring under Order 636 as expeditiously as possible. TGPL has provided to its customers and other interested parties an outline of its proposal for restructuring. TGPL will continue to meet with customers and other interested parties to discuss open issues. TGPL must make a compliance filing with the FERC on or before December 31, 1992.

TGPL now provides unbundled sales and transportation services to its customers designed to achieve the FERC's stated goal of comparability between sales and transportation services, thus permitting customers full flexibility in choosing the scope of sales, transportation and storage services to be provided by TGPL. However, TGPL is not yet in full compliance with Orders 636 and 636-A. TGPL anticipates further discussions with the FERC, suppliers, customers and other interested parties to resolve the remaining issues. Those remaining issues include rate design (including rate design issues on its Mobile Bay facilities), assignment and release of firm capacity and standards for dealings between the pipeline as merchant and the pipeline as transporter. Transco believes that TGPL's rate settlement and gas inventory charge settlement approved by the FERC in June 1991 meet many of the requirements set forth in Orders 636 and 636-A and thus TGPL does not expect to be subject to significant transition costs.

C. Legal Proceedings

There have been no new developments from those described in the 1991 Annual Report on Form 10-K and the First Quarter Form 10-Q with regard to producer contract litigation or other litigation and claims with the exception of developments as described below.

Producer Contract Litigation

TGPL settled one of its remaining producer contract disputes that involved a declaratory judgment action filed by TGPL in a Texas state court and a suit subsequently filed by the producer in a Louisiana state court. The producer was asking that TGPL be required to perform under the terms of the contract. Pursuant to the settlement, TGPL agreed to pay that producer approximately $5 million for resolution of gas pricing issues and other matters related to prior periods and agreed to perform under the terms of the contract as clarified by the settlement.

Other Litigation and Claims

In October 1990, Dakota Gasification Company (Dakota), the owner of the Great Plains Coal Gasification Plant, filed suit in the United States District Court in North Dakota against TGPL and three other pipeline companies alleging that TGPL and the other pipelines had not complied with their respective obligations under certain gas purchase and gas transportation contracts. Specifically at issue is the proper price to be paid by TGPL and the other pipelines for synthetic gas since August 1989, the proper rate to be charged by Dakota for transportation through the Great Plains pipeline since October 1987, and the proper quantity for synthetic gas required to be taken-or-paid for by TGPL and the other pipelines.

In November 1990, TGPL filed suit in U.S. District Court in Houston, Texas seeking to compel Dakota to arbitrate the disputes under the gas purchase and gas transportation contracts in Houston. In January 1991, the U.S. District Court in North Dakota dismissed the case filed in such court, ruling that the gas purchase and gas transportation contracts at issue provided that disputes under such contracts be arbitrated by the parties. On January 4, 1991, the U.S. District Court in Houston, Texas issued an order compelling arbitration between TGPL and Dakota on the above discussed issues. Each of the other three defendant pipelines has similarly initiated separate arbitration proceedings with Dakota, involving the same issues. In February 1991, Dakota appealed the decision of the U.S. District Court in North Dakota to the United States Court of Appeals for the Eighth Circuit (Eighth Circuit).

In July 1992, the Eighth Circuit overturned the decision of the U.S. District Court in North Dakota and issued its mandate to such court requiring that a trial be held in the matter. TGPL intends to file a petition for certiorari with the Supreme Court to overturn the Eighth Circuit's decision and require the dispute with TGPL to be resolved only by arbitration in Houston, Texas. Pending a ruling by the Supreme Court, TGPL intends to vigorously defend the suit in the U.S. District Court in North Dakota, but also to continue with its arbitration of the matter in Houston, Texas.

Because the proper gas price under TGPL's gas purchase contract with Dakota is derived from a formula involving the weighted average prices paid for certain natural gas purchased by TGPL, and is further the average of each of such prices calculated for each of the four pipeline purchasers, it is not feasible at this time to quantify the amount of any claim or counter-claim by either TGPL or Dakota. While Dakota had indicated that it intends to pursue a higher damage amount, it has invoiced TGPL for $4.1 million, plus interest, in back transportation charges and for additional price claims in a lesser amount. Although no assurance can be given, based upon its analysis to date, TGPL believes that a determination of the correct transportation charge will result in a refund to TGPL from the rates currently being paid and that the ensuing litigation and/or arbitration will determine that TGPL has substantially complied with its obligations under the contract.

Challenger Minerals, Inc. Litigation

On May 7, 1992, TGPL and Challenger Minerals, Inc. (Challenger) entered into a Settlement Agreement to settle all matters in controversy between them, including, but not limited to, all claims and causes of action which were asserted or which might have been asserted in the lawsuit. In settling this litigation, TGPL agreed to pay to Challenger $20 million in cash; to execute and deliver to Challenger a promissory note with a principal amount of $20 million, payable in eight quarterly installments of $2.5 million from October 1, 1993 through July 1, 1995 and secured by units of Transco Exploration Partners, Ltd. owned by a subsidiary of Transco (which may be replaced with other substitute collateral); and to issue shares of Transco common stock with a market value of $15 million to Challenger in 1994. Transco has placed 1,500,000 shares of Transco common stock in escrow. The number of shares ultimately released to Challenger will be determined by dividing $15 million by Transco's average common stock price during January 1994, subject to certain adjustments, with Challenger receiving a minimum of 750,000 shares.

The accompanying financial statements include a charge during the first quarter of 1992 of $31.0 million, $19.5 million after tax, to increase the reserve for producer settlements, legal and regulatory issues to reflect the final costs of the Settlement Agreement.

Environmental Matters

TGPL is subject to extensive federal, state and local environmental laws and regulations which affect its operations related to the construction and operation of pipeline facilities. Appropriate governmental authorities may enforce these laws and regulations with a variety of civil and criminal enforcement measures, including monetary penalties, assessment and remediation requirements and injunctions as to future compliance. Except for the discussion below there have been no new material developments from those described in the 1991 Annual Report on Form 10-K with regard to environmental matters.

Since 1989, TGPL has been involved in discussions with the Pennsylvania Department of Environmental Resources (PADER) concerning environmental conditions at TGPL's operating sites in Pennsylvania. These discussions have resulted in the execution of a consent order and agreement between PADER and TGPL. Pursuant to the consent order and agreement, TGPL has agreed to conduct an environmental assessment and remediation program at its Pennsylvania sites, fund certain beneficial environmental projects, pay oversight costs and pay a $425,000 civil penalty. The estimated costs of the environmental assessment and remediation programs are included in TGPL's reserve for environmental costs.

D. Financing

Restrictive covenants. Transco is the principal financing entity for subsidiary capital requirements, including those of TGPL. Certain of Transco's credit facilities and indentures prohibit TGPL from, among other things, guaranteeing any additional indebtedness, further borrowings, except for indebtedness incurred to refinance existing indebtedness, issuing preferred stock or advancing cash to affiliates other than Transco. Further, certain of Transco's credit facilities and indentures contain restrictive covenants which limit Transco's ability to make additional borrowings and, therefore, to make or repay advances to TGPL.

Additionally, certain of TGPL's debt instruments restrict the amount of dividends distributable. As of June 30, 1992, approximately $185 million of TGPL's retained earnings of $295 million was available for distribution.

Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

The following discussion should be read in conjunction with the financial statements, notes and management's discussion contained in Items 7 and 8 of TGPL's 1991 Annual Report on Form 10-K and included in the 1992 First Quarter Form 10-Q and with the condensed financial statements and notes contained in this report.

Introduction

TGPL is an indirect wholly owned subsidiary of Transco and as such is affected by the financial position and performance of Transco and its subsidiaries other than TGPL.

During 1991, Transco's financial resources, liquidity and earnings were adversely affected by a high level of capital spending, unfavorable results related to certain regulatory and legal matters, particularly TGPL's Transition Cost proceeding, and lower commodity prices. Because of low oil, gas and coal prices, Transco experienced poor financial results from its commodity based businesses. Transco's financial resources, liquidity and earnings were also negatively affected by higher-than-expected costs and disappointing results from its coalbed methane project. The rejection in mid-September 1991 of bids received for an affiliate's interest in the West Chalkley property and the FERC's indication in late September that substantial refunds would likely be required in TGPL's Transition Cost proceeding resulted in a downgrade of Transco's long-term debt and preferred stock by rating agencies. Further, Transco continued to be burdened by the financial risks of the timing and ultimate outcome of pending litigation, particularly the Challenger litigation. This caused Transco to immediately undertake a comprehensive review of all of its businesses to determine what actions should be taken to improve its financial condition. As a result of this review, on October 30, 1991, Transco's Board of Directors approved a comprehensive strategic and financial plan designed to stabilize Transco's financial position, improve financial flexibility and restore earnings. The key elements of the plan include: a sharpened strategic focus on Transco's core businesses of gas pipelines (including TGPL), gas marketing and power generation; the development of exit strategies for non-core businesses; and the improvement of financial flexibility. The plan seeks to improve Transco's financial position, funding capabilities and earnings through a reduction in total debt, various capital conservation measures, asset divestitures and the sale of equity when appropriate.

Transco has made substantial progress in implementing the key elements of its comprehensive strategic and financial plan, including:

- — resolution of TGPL's long standing litigation with Challenger in May 1992 thus eliminating the financial uncertainty associated with this claim;
- — the sale of $300 million of long-term debt by Transco and refinancing $100 million of long-term debt by Texas Gas Transmission Corporation (Texas Gas);
- — entering into definitive agreements for the sales of certain non-essential and non-core assets for proceeds which have totaled approximately $164 million to date;
- — completion of a management realignment and elimination of approximately 575 employee positions, including one-fourth of all corporate and subsidiary officers;
- — further reduction in Transco's announced 1992 capital expenditure budget from $252 million to $225 million;
- — achievement of approximately $45 million of the targeted $65 million savings in working capital planned for 1992;
- — taking control of the operation of the coalbed methane project and beginning to implement cost containment measures; and
- — filing a new TGPL rate case with the FERC.

TGPL's implementation of its part of the Transco strategic and financial plan has resulted in a significant decrease in TGPL's budgeted 1992 capital spending from 1991 levels; a planned reduction of working capital requirements; and a reduction in TGPL's workforce by approximately 275 employee positions. TGPL recorded reserves at December 31, 1991 totaling $120.6 million, $76.0 million after tax, for the anticipated costs associated with the execution of Transco's strategic and financial plan and to provide reserves for the resolution of certain pending legal and regulatory matters.

Capital Resources and Liquidity

Method of Financing

TGPL's working capital requirements are affected by the seasonal nature of gas sales. Because of this, TGPL's working capital position generally improves during the heating season, reflecting higher seasonal throughput. TGPL is a member of an operating group under the control of Transco and engages in transactions with other members of the group, characteristic of group operations. TGPL meets its working capital requirements by participation in the Transco consolidated cash management program pursuant to which TGPL both makes advances to and receives advances from Transco, and by accessing capital markets to refinance its long-term debt maturities. As general corporate policy, the interest rate on intercompany demand notes is 1½% below the prime rate of Citibank, N.A. At June 30, 1992, there were no outstanding advances between TGPL and Transco.

In addition, TGPL and Transco's other subsidiaries pay dividends, based on the level of their earnings and net cash flow, to provide the funds necessary for Transco to service its debt and pay dividends on its common and preferred stock.

While all of the elements of Transco's strategic and financial plan have not been implemented, Transco believes that the successful implementation to date of the elements of the plan described above will provide Transco and its subsidiaries with access to debt and equity markets on acceptable terms in order to satisfy their funding needs, including capital expenditures, dividends, rate and regulatory refunds and seasonal working capital requirements.

To meet its funding requirements, on July 1, 1992, Transco sold $300 million of 11¼% notes due July 1, 1999 (Transco Notes). The Transco Notes are general unsecured obligations of Transco and are equal in rank to Transco's existing senior debt. Approximately one-half of the net proceeds from the sale were used to retire amounts outstanding under the $150 million term loan portion of the Transco Bank Credit Facility with the balance used for general corporate purposes, including the repayment of $148.7 million of short-term debt under the working capital line of the Transco Bank Credit Facility. The sale of the Transco Notes provides Transco with significantly improved financial flexibility and adequate borrowing capacity to meet Transco's cash requirements, including seasonal working capital needs.

TGPL has $125 million of 9.40% extendible notes which must be repriced or refinanced in September 1992 (Extendible Notes). TGPL expects that it will be able to refinance the Extendible Notes in the public markets. On August 14, 1992, TGPL will file a registration statement with the SEC providing for the issuance of $125 million of notes (Notes). However, if needed to refinance the Extendible Notes, TGPL could borrow funds under its back-up facility that would provide a three-year term loan to TGPL of $125 million, or Transco could borrow funds under the Transco Bank Credit Facility.

On July 6, 1992, the FERC's order with regard to TGPL's general rate case settlement in Docket No. RP90-8 became effective and no longer subject to rehearing. As a result, on August 5, 1992, TGPL refunded approximately $102 million to its customers. TGPL had provided a reserve for this refund. Accordingly, the refund had no impact on earnings but did require cash payments that were funded through an advance from Transco to TGPL.

Transco and TGPL believe that the aggregate of cash flows from operating activities, the recovery of producer settlement costs from customers and the benefits of the steps under Transco's strategic and financial plan, supplemented by the sale of the Notes, and by borrowings under the working capital line of the Transco Bank Credit Facility and the ongoing sale and disposition of assets, will provide Transco and TGPL with sufficient liquidity to meet their capital requirements, including Transco's ability to advance funds to TGPL.

Capitalization and Cash Flows

As shown in the accompanying Condensed Statement of Cash Flows, TGPL's net cash outflows during the first six months of 1992 totaled $22 million for operating, financing and investing activities resulting primarily from refunds made to customers in connection with the Transition Cost proceeding, producer settlement payments, retirement of long-term debt and the capital spending requirements for 1992. Funding of the cash requirements for operating, financing and investing activities including capital expenditures has been provided primarily through a capital contribution from Transco and, to a lesser extent, through recoveries of producer settlement costs.

Further, during the first six months of 1992 equity increased reflecting a capital contribution from Transco. As shown in the following table, the decrease in debt and the increase in equity have resulted in a decrease in total debt as a percentage of total invested capital.

	June 30, 1992	December 31, 1991
	(In millions)	
Common Stockholder's Equity	$ 486.0	$ 425.6
Preferred Stock	102.2	105.2
Long-term Debt, less Current Maturities	665.6	686.1
Total Capitalization	1,253.8	1,216.9
Current Maturities of Long-term Debt	39.6	44.6
Total Invested Capital	$1,293.4	$1,261.5
Long-term Debt, less Current Maturities as a Percentage of Total Capitalization	53.1%	56.4%
Common Stockholder's Equity as a Percentage of Total Capitalization	38.8%	35.0%
Total Debt as a Percentage of Total Invested Capital	54.5%	57.9%

One of the long-term goals of the strategic and financial plan is the continued reduction in the percentage of total debt to total invested capital.

	Six Months Ended June 30,	
	1992	1991
	(In millions)	
Cash Flows From Operating Activities	$ 9.4	$52.5

For the six months ended June 30, 1992, cash flows from operating activities were $43.1 million lower than the six months ended June 30, 1991. The primary reasons for the decrease were TGPL's cash refunds made in connection with the Transition Cost proceeding and the amount and timing of TGPL's net collections of amounts subject to refund under current rate filings. These negative effects were partially offset by lower 1992 cash payments for gas purchases.

	Six Months Ended June 30,	
	1992	1991
	(In millions)	
Cash Flows Used In Financing Activities	$(17.2)	$(68.4)

The cash flows used in financing activities for the six months ended June 30, 1992 were primarily attributable to the retirement of $46 million of TGPL's long-term debt, partly offset by $36 million capital contribution from Transco. Also included were dividend payments of $4 million on preferred stock.

For the six months ended June 30, 1991, cash flows used in financing activities included the retirement of $65 million of TGPL's long-term debt and dividend payments of $5 million on preferred stock, partly offset by the collection of $6 million of receivables from affiliates for construction expenditures incurred by TGPL as construction agent for the affiliates.

	Six Months Ended June 30,	
	1992	1991
	(In millions)	
Cash Flows From (Used In) Investing Activities	$(13.7)	$11.9

For the six months ended June 30, 1992, cash flows used in investing activities were primarily for capital expenditures for property, plant and equipment, partly offset by the recovery of producer settlement costs and a net decrease in advances to Transco.

For the six months ended June 30, 1991, cash flows from investing activities resulted primarily from a net decrease in advances to Transco and the recovery of producer settlement costs, net of recoverable producer settlement payments, partly offset by capital expenditures for property, plant and equipment and a note receivable accepted by TGPL, related to a take-or-pay settlement, in consideration for the conveyance of certain interests in a gas field and related processing plant to the producer.

At June 30, 1992, TGPL had a working capital deficit of $283 million, compared to a deficit of $321 million at December 31, 1991. The most significant factors influencing TGPL's working capital deficit are the current obligations related to the reserves established for producer settlements, legal and regulatory issues and for rate matters. Working capital requirements also are generally influenced by the seasonal nature of the gas industry.

	Six Months Ended June 30,	
Capital Expenditures	1992	1991
	(In millions)	
Market Projects	$25.6	$ 46.3
Supply Projects	12.8	18.3
Maintenance of Existing Facilities and Other Projects	13.0	42.4
Total Capital Expenditures	$51.4	$107.0

The 1992 decrease in capital spending reflects the implementation of the strategic and financial plan as previously discussed.

TGPL's 1992 capital expenditures included $25 million for market area expansion, primarily for the TGPL/Texas Gas/CNG and the TGPL System Expansion projects, compared to $46 million in 1991; $13 million for supply projects primarily for the Eminence Storage Field, compared to $18 million in 1991; and $13 million for maintenance of existing facilities and other projects, compared to $42 million in 1991.

Capital Requirements and Contingencies

TGPL's capital requirements and contingencies are discussed in TGPL's 1991 Annual Report on Form 10-K. Other than as described below, there have been no new developments from those described in TGPL's 1991 Annual Report on Form 10-K with regard to capital requirements and contingencies.

TGPL and Challenger have reached a settlement of the litigation between them as discussed in Note C. Also, as discussed in Note B, TGPL has filed to recover additional Order 94-A costs from Columbia, the FERC has issued its final rule in the Mega-NOPR proceeding to restructure pipeline service arrangements and on August 5, 1992, TGPL made refunds to its customers of approximately $102 million, including interest, for differences between filed rates and settlement rates. See the referenced notes for a discussion of the developments related to these issues.

TGPL's change in accounting method for postretirement benefits other than pensions will require the recognition of obligations for postretirement benefits that exist at the date of adoption of the new accounting method to be recognized either at adoption or over future periods and is expected to increase TGPL's reported annual cost of providing these benefits to employees. TGPL believes that all costs of providing postretirement benefits to its employees are necessary and prudent operating expenses that will be recoverable in rates. Therefore, although no assurances can be given, TGPL does not expect adoption of the new accounting method to have a material effect on its financial position or results of operations. However, should the FERC not issue an order that would provide for the deferral of the difference between postretirement benefit costs as determined under Statement of Financial Accounting Standards No. 106 and such costs being recovered in rates, then that difference would be reflected in TGPL's net income which would reduce such net income from current levels.

Conclusion

Transco and TGPL believe that the aggregate of cash flows from operating activities, the recovery of producer settlement costs from customers and the benefit of the steps under Transco's strategic and financial plan, supplemented by the sale of the Notes and by borrowings under the working capital line of the Transco Bank Credit Facility and the ongoing sale and disposition of assets, will provide Transco and TGPL with sufficient liquidity to meet their capital requirements, including Transco's ability to advance funds to TGPL.

Results of Operations

The table below shows the results of operations for the periods presented and the effects of certain items that have impacted these results.

	Three Months Ended June 30,		Six Months Ended June 30,	
	1992	1991	1992	1991
	(In millions)			
Net Income Before Selected Items	$19.1	$10.4	$ 41.4	$33.3
Challenger litigation settlement	—	—	(19.5)	—
Provision for producer settlements, legal and regulatory issues	—	(6.3)	—	(6.3)
Provision for asset impairments	—	(6.3)	—	(6.3)
Benefits of resolution of certain rate issues	—	2.8	—	2.8
Net Income	$19.1	$ 0.6	$ 21.9	$23.5

Operating and Net Income. Excluding the net income impact of the selected items shown above, TGPL's net income for the three months and six months ended June 30, 1992 was $8.7 million and $8.1 million higher than the same periods in 1991, respectively. The increase in net income is primarily the result of TGPL's higher volumes from long-haul IT, higher rate realizations and revenues from incremental projects which went into service in late 1991. TGPL's long-haul IT volumes increased as a result of cooler weather in 1992 compared to 1991. TGPL placed the first phase of the TGPL/Texas Gas/CNG project, the South Virginia Lateral expansion, the first phase of the TGPL System Expansion project and the IEC Cogen project into service in November 1991. Excluding the pre-tax effects of the selected items, TGPL's operating income for the three months and six months ended June 30, 1992 was $14.0 million and $17.9 million higher than the same periods in 1991, respectively, due to the same reasons that resulted in the net income variance.

Excluding the pre-tax effects of the selected items, TGPL's operating revenues increased $36 million for the three months ended June 30, 1992 when compared to the same period in 1991 as a result of the increased long-haul IT transportation volumes and revenues from incremental projects placed in service in late 1991.

For the six months ended June 30, 1992, excluding the pre-tax effects of the selected items, TGPL's operating revenues increased $6 million over the same period in 1991. The higher operating revenue variance for the second quarter 1992 compared to 1991 more than offset the lower operating revenue variance for the first quarter 1992 compared to 1991. The first quarter variance was due to lower gas sales revenues resulting from a 19% decrease in sales volumes under the FS/IFS/IS programs, generally due to competition with other suppliers and a lower average commodity sales price. The decrease in sales volumes did not affect TGPL's operating or net income since gas purchases plus GIC fees were sufficient to meet producer obligations (see Sales Services below).

Excluding the pre-tax effects of the selected items and the cost of sales and transportation of $122 million and $244 million in 1992 and $103 million and $255 million in 1991 for the three months and six months ended June 30, respectively, TGPL's operating expenses in 1992 were approximately $2 million higher for the second quarter 1992 compared to the same period in 1991, and $1 million lower for the first six months of 1992 compared to the same period in 1991. These variances resulted primarily from operation and maintenance expenses. TGPL's cost of sales and transportation decreased for the six months ended June 30, 1992 compared to the six months ended June 30, 1991 due to lower purchases of gas for sales under the FS/IFS/IS programs.

Pre-tax net interest expense for the three months and six months ended June 30, 1992 compared to the same period in 1991 was $1.4 million higher and $6.9 million higher, respectively, primarily due to lower interest income and lower amounts of capitalized interest, partially offset by slightly lower interest on long-term debt in 1992 compared to 1991.

Transportation Services. As shown in the table below, TGPL's total market area deliveries for the three months and six months ended June 30, 1992 were 26.0 and 63.1 billion cubic feet (Bcf), or 10% and 11%, higher than the same periods in 1991, respectively, generally due to weather being colder in the market area in 1992 compared to 1991 as well as increases in volumes related to the incremental projects placed in service in the fourth quarter of 1991. The lower production areas deliveries of 21.8 Bcf, or 16%, for the six months ended June 30, 1992 compared to 1991 generally were due to the competition with other interstate and intrastate pipelines and termination of certain agreements.

TGPL System Deliveries (Bcf)	Three Months Ended June 30,		Six Months Ended June 30,	
	1992	1991	1992	1991
Market area deliveries:				
Contract sales	—	—	—	0.4
Long-haul transportation	194.4	207.7	422.9	453.7
Market area transportation	82.3	43.0	201.7	107.4
Total market area deliveries	276.7	250.7	624.6	561.5
Production area transportation	61.4	61.5	117.3	139.1
Total system deliveries	338.1	312.2	741.9	700.6

TGPL's facilities are divided into six rate zones. Three are located in the production area and three are located in the market area. Long-haul transportation is gas that is received in one of the production area zones and delivered in a market area zone. Market area transportation is gas that is both received and delivered within market area zones. Production area transportation is gas that is both received and delivered within production area zones.

Sales Services. Effective November 1, 1989, TGPL began making sales to customers through an Interim Firm Sales (IFS) program coupled with an interim firm transportation program as replacement for a contract sales quantity. The program gave customers the option to purchase daily quantities of gas from TGPL at market-responsive prices in exchange for a demand charge payment to TGPL designed to recover the costs of gas in excess of current month spot prices that TGPL is obligated to pay under its producer contracts. TGPL continued to operate under the IFS program until August 1, 1991 when it began operating under the Firm Sales (FS) program which essentially made permanent the business structure established under the IFS program. The following table shows the sales under the IFS, FS and IS (Interruptible Sales) programs for the three months and six months ended June 30, 1992 and 1991.

	Three Months Ended June 30,		Six Months Ended June 30,	
	1992	1991	1992	1991
FS/IFS/IS sales (Bcf)	46.1	50.5	105.1	123.5

Under the FS program, the demand fee associated with TGPL's above market gas costs is called the FS fee or Gas Inventory Charge (GIC). The GIC is designed to compensate TGPL for securing long-term gas supplies for customers electing to purchase sales service from TGPL.

PART II — OTHER INFORMATION

Item 1. ***Legal Proceedings.***

See discussion of legal proceedings in Note C to the Condensed Financial Statements included herein.

Item 2. ***Other Information.***

None.

Item 6. ***Exhibits and Reports on Form 8-K.***

(a) Exhibits.

None.

(b) Reports on Form 8-K.

None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRANSCONTINENTAL GAS PIPE LINE
CORPORATION

By /s/ N. A. BACILE
N. A. Bacile
Vice President and Controller

Dated: August 13, 1992

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Q-Data
Corporation
St. Petersburg, FL

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

[Mark One]

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from__________ to __________

Commission file number 0-9786

UNITED TELEVISION, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

41-0778377
(I.R.S. Employer Identification No.)

8501 Wilshire Blvd., Suite 340, Beverly Hills, California, 90211
(Address of principal executive offices) (Zip Code)

(310) 854-0426
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

BEST COPY AVAILABLE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X No_____

As of August 10, 1992, there were 10,471,780 shares of the registrant's common stock outstanding.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

UNITED TELEVISION, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited - in thousands)

	June 30, 1992	December 31, 1991
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 10,479	$ 17,996
Marketable (U.S. Government) securities	42,977	27,958
Accounts receivable, net	21,941	25,918
Film contract rights	19,173	34,321
Prepaid expenses and other current assets	5,629	6,134
Total current assets	100,199	112,327
Marketable Securities, noncurrent	98,170	95,224
Film Contract Rights, noncurrent	8,497	11,756
Property, Plant and Equipment, net	19,408	18,002
Intangible Assets, net	14,507	14,812
Other Assets	535	833
	$ 241,316	$ 252,954
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
Current Liabilities:		
Film contracts payable	$ 35,768	$ 37,621
Accounts payable	3,506	4,355
Accrued expenses	5,778	6,044
Income taxes payable	4,617	4,703
Total current liabilities	49,669	52,723
Film Contracts Payable after One Year	32,987	42,654
Other Liabilities	1,677	1,690
Shareholders' Investment:		
Preferred stock $1.00 par value	-	-
Common stock $.10 par value	1,057	1,057
Additional paid-in-capital	133	133
Retained earnings	157,518	154,697
Treasury stock, at cost	(1,725)	-
	156,983	155,887
	$ 241,316	$ 252,954

The accompanying notes to condensed consolidated financial statements are an integral part of these balance sheets.

UNITED TELEVISION, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited - in thousands except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1992	1991	1992	1991
Net Revenues	$ 30,625	$ 30,423	$ 55,548	$ 55,171
Expenses:				
Operating	19,672	19,637	42,382	41,732
Selling, general and administrative	8,113	8,619	16,481	16,682
	27,785	28,256	58,863	58,414
Operating income (loss)	2,840	2,167	(3,315)	(3,243)
Dividend and Interest Income, net	3,533	3,058	6,961	6,017
Income before income taxes	6,373	5,225	3,646	2,774
Income Tax Provision	(1,425)	(1,600)	(825)	(850)
Net income	$ 4,948	$ 3,625	$ 2,821	$ 1,924
Net Income per Share	$ 0.47	$ 0.34	$ 0.27	$ 0.18
Average Outstanding Common Shares	10,513	10,675	10,540	10,675

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

UNITED TELEVISION, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - in thousands)

	For the Six Months Ended June 30,	
	1992	1991
Cash Flows from Operating Activities:		
Net income	$ 2,821	$ 1,924
Adjustments to reconcile net income to net cash provided from operating activities:		
Film contract amortization	26,029	26,797
Film contract payments	(19,133)	(18,658)
Depreciation and other amortization	2,455	2,224
Noncash income	(2,946)	(2,237)
Changes in assets and liabilities:		
Accounts receivable	3,977	2,905
Prepaid expenses and other assets	90	4,128
Accounts payable and accrued expenses	(1,115)	(1,317)
Income taxes payable	618	15
Net cash provided before income taxes paid on Warner gain	12,796	15,781
Income taxes paid on Warner gain	-	(2,000)
Net cash provided from operating activities	12,796	13,781
Cash Flows from Investing Activities:		
Purchase of marketable (primarily U.S. Government) securities	(15,019)	(3,549)
Capital expenditures	(3,556)	(1,926)
Net cash used in investing activities	(18,575)	(5,475)
Cash Flows from Financing Activities:		
Reduction of long-term debt	(13)	(12)
Proceeds from exercise of employee stock options	-	568
Purchase of treasury stock	(1,725)	(845)
Net cash used in financing activities	(1,738)	(289)
Net (Decrease) Increase in Cash and Cash Equivalents	(7,517)	8,017
Cash and Cash Equivalents at Beginning of Period	17,996	4,394
Cash and Cash Equivalents at End of Period	$ 10,479	$ 12,411

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

UNITED TELEVISION, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. PRINCIPLES OF CONSOLIDATION:

The accompanying condensed consolidated financial statements include the accounts of UTV and its subsidiaries after elimination of all significant intercompany accounts and transactions. UTV is a majority owned (52.4% at June 30, 1992) subsidiary of BHC Communications, Inc. (BHC), a majority owned subsidiary of Chris-Craft Industries, Inc.

The financial information included herein has been prepared by UTV, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. However, UTV believes that the disclosures herein are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in UTV's latest annual report on Form 10-K. The information furnished reflects all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to a fair statement of the results for the interim periods. Certain amounts for 1991 have been reclassified to conform to the 1992 presentation. The results for these interim periods are not necessarily indicative of results to be expected for the full fiscal year, due to seasonal factors, among others.

2. INTERESTS IN TIME WARNER INC. AND BHC COMMUNICATIONS, INC.:

In 1989, UTV sold for cash 57% of its former interest in Warner Communications Inc. (Warner), and, in January 1990, UTV exchanged its remaining Warner shares for Time Warner Inc. convertible preferred stock and BHC Class A common stock, pursuant to the merger of Warner and Time Warner.

At June 30, 1992, UTV held 1,073,641 Time Warner Series C 8 3/4% cash pay convertible preferred shares, 1,058,784 Time Warner Series D 11% pay in kind convertible preferred shares and 226,503 BHC Class A common shares. Dividends on UTV's Time Warner shares, including dividends paid in kind, totaled $2,680,000 and $2,337,000 for the three months, and $5,295,000 and $4,585,000 for the six months, ended June 30, 1992 and 1991, respectively. The quoted market value of UTV's Time Warner and BHC shares exceeded their cost basis by $24,117,000 at June 30, 1992 and $16,640,000 at December 31, 1991.

3. CASH FLOW DISCLOSURES:

Supplemental disclosure of cash flow information is as follows (in thousands):

	For the Six Months Ended June 30,	
	1992	1991
Cash paid for income taxes	$ 207	$ 2,835

UTV considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

4. COMMITMENTS:

The aggregate amount payable by UTV under contracts for programming not currently available for telecasting and, accordingly, not included in film contracts payable and the related contract rights in the accompanying Condensed Consolidated Balance Sheets, totaled $51,500,000 at June 30, 1992.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Liquidity and Capital Resources

Working capital decreased $9,074,000 during the first six months of 1992 to $50,530,000 at June 30, 1992, primarily reflecting a decrease in the current portion of film contract rights. In addition, UTV expended $1,725,000 to repurchase shares of its outstanding stock and $3,556,000 for fixed asset additions. Working capital at June 30, 1992 remains substantially in excess of UTV's normal operating requirements. Despite the expenditures described above, cash and current marketable securities balances increased to $53,456,000 at June 30, 1992, from $45,954,000 at December 31, 1991, primarily reflecting cash generated from the seasonal decline in accounts receivable balances.

UTV's operating cash flow is generated primarily by its television broadcasting operations and generally parallels the earnings of UTV's television stations, adjusted to reflect the difference between film contract payments and film contract amortization. The relationship between contract payments and amortization may vary greatly between periods (amortization exceeded payments by $6,896,000 in the first six months of 1992 and by $8,139,000 in the first six months of 1991) and is dependent upon the mix of programs aired and payment terms of the stations' contracts. UTV's television broadcasting business in 1991 was adversely affected by the recession, and demand for television advertising remained soft during the first six months of 1992. No significant strengthening in the television advertising market is expected until the nation's economy sustains a marked improvement. Nonetheless, UTV's stations are expected to generate substantial operating cash flow in 1992. UTV's cash flow is supplemented by interest and dividend income earned on the unexpended proceeds from the 1989 and 1990 dispositions of UTV's former interest in Warner Communications Inc. With cash and marketable securities totaling $151,626,000 at June 30, 1992, UTV is financially positioned to deal with current business conditions.

UTV is engaged in an ongoing review of business opportunities in media, entertainment, communications and other industries. UTV currently has no outstanding debt and believes it is capable of raising significant additional capital to augment its already substantial liquid assets, if desired, to fund any resulting expansion.

UTV regularly makes current commitments for programming that will not be available for telecasting until future dates and had commitments for payments for such programming totaling $51,500,000 at June 30, 1992. UTV expects to continue to satisfy these commitments in the ordinary course of business.

UTV's Board of Directors has from time to time authorized the purchase of UTV's Common shares. At June 30, 1992, 1,295,525 shares were authorized for purchase. Since January 1, 1990, through June 30, 1992, 624,000 shares were purchased for an aggregate cost of $17,862,000, of which 92,000 shares were purchased during the first six months of 1992 for an aggregate cost of $1,725,000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. (continued)

UTV's commitments for capital expenditures at June 30, 1992 were not material in relation to UTV's financial position. Funds for capital expenditures have generally been provided from operations. UTV expects that future capital expenditures for its present business will be funded from operations or current cash balances. UTV has no present requirement for additional capital.

Results of Operations

UTV second quarter net income totaled $4,948,000, or $.47 per share, compared to $3,625,000, or $.34 per share, in last year's second quarter. While net revenues were substantially unchanged from the prior year's quarter, net income rose 36%, primarily as a result of a reduction in selling, general and administrative expenses and an increase in dividend and interest income. Net income for the first six months of 1992 totaled $2,821,000, or $.27 per share, compared to $1,924,000, or $.18 per share, in last year's period. The increase in six month net income primarily reflects an increase in dividend and interest income.

Continued weak demand for television advertising resulted in only a slight increase in second quarter net revenues to $30,625,000 from $30,423,000. This increase, combined with a reduction in selling general and administrative expenses, produced an increase in second quarter operating income to $2,840,000 from $2,167,000. Net revenues in the first six months of 1992 rose only 1%, to $55,548,000, from last year's $55,171,000. The revenue increase was offset by a 2% increase in operating expenses, primarily program development costs, resulting in a six month operating loss increase to $3,315,000 from $3,243,000 in last year's period.

Dividend and interest income, net increased to $3,533,000 from $3,058,000 in the second quarter, and to $6,961,000 from $6,017,000 in the six month period. The increases reflect an increased amount of invested cash and higher dividends on UTV's Time Warner preferred shares.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) None.

(b) No report on Form 8-K was filed during the quarter for which this report is being filed.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITED TELEVISION, INC.
(Registrant)

Date: August 10, 1992

By: /s/ Garth S. Lindsey
Garth S. Lindsey, Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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SECURITIES AND EXCHANGE COMMISSION [redacted]
WASHINGTON, DC 20549

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FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 CR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

W
92-2241

For Quarter Ended September 30, 1991
Commission File Number 33-17877 NY

DARCY CORPORATION
(Exact name of registrant as specified in its charter)

Colorado	84-0925366
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
416 41st Street, Brooklyn, New York	11232
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 718-633-1879

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date -- to wit: 1,300,000 shares at November 30, 1991.

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Darcy Corporation
FORM 10-Q

Quarter Ended September 30, 1991

Part I Financial Information

Balance Sheets - September 30, 1991 and December 31, 1990 F-2

Statement of Operations for Three Months Ended September 30, 1991 and 1990, and Nine Months Ended September 30, 1991 and 1990 F-3

Statement of Cash Flows for the Nine Months Ended September 30, 1991 and 1990 F-4

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Management Discussion and Analysis of Quarterly Income F-6

Part II Other Information - Items 1 to 6 F-7

Signatures F-8

Darcy Corporation
(A Development Stage Enterprise)
Balance Sheet
(Unaudited)

ASSETS

	September 30, 1991	December 31, 1990
Current Assets:		
Cash	$ 0	$ 0
Total Assets	$ 0	$ 0

LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30, 1991	December 31, 1990
Current Liabilities:		
Accrued expenses payable	$ 1,150	$ 1,150
Shareholders' Equity:		
Common Stock, $.01 par value, 50,000,000 shares authorized, issued and outstanding 1,300,000 shares	13,000	13,000
Additional paid-in capital	54,157	54,157
(Deficit) accumulated during the development stage	(68,307)	(68,307)
Total Shareholders' Equity (Deficit)	(1,150)	(1,150)
Total Liabilities and Shareholders' Equity	$ 0	$ 0

See accompanying notes

Darcy Corporation
(A Development Stage Enterprise)
Statement of Operations
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Accumulated Since Inception
	1991	1990	1991	1990	
Revenues					
Interest	$ 0	$ 0	$ 0	$ 114	$ 1,280
Expenses					
General and Administrative	0	7,500	0	18,754	69,587
Net (Loss)	$ 0)	$(7,500)	$ 0	$(18,640)	$(68,307)
Net (Loss) per share of common stock	$ 0	$(.01)	$ 0	$(.034)	
Weighted average number of common shares outstanding	1,300,000	450,000	1,300,000	533,333	

See accompanying notes

Darcy Corporation
(A Development Stage Enterprise)
Statement of Cash Flows
(Unaudited)

	Nine Months Ended September 30, 1991	Nine Months Ended September 30, 1990	Accumulated Since Inception
Operating Activities:			
Net Loss	0	$(18,640)	$(68,307)
Adjustments			
Increase in accrued expenses payable	0	0	1,150
Net Cash Used in Operating Activities	0	(18,640)	(67,157)
Financing Activities:			
Proceeds from issuance of stock, net offering costs	0	0	58,157
Issuance of stock for payment of expenses	0	7,500	8,500
Cash Provided by Financing Activities	0	7,500	67,157
Net Increase (Decrease) in Cash	0	(11,140)	0
Cash, Beginning of Period	0	11,165	0
Cash, End of Period	$ 0	$ 25	$ 0

See accompanying notes

Darcy Corporation
(A Development Stage Enterprise)
Notes to Financial Statements
Quarter Ended September 30, 1991

1. Basis of Presentation

The accompanying financial statements, reflect all adjustments, which in the opinion of management, are necessary for the fair presentation of the financial position and the results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

Darcy Corporation
(A Development Stage Enterprise)
Management's Discussion and Analysis of
Quarterly Income Statement
Quarter Ended September 30, 1991

The Company is in the development stage and is searching to find and acquire a suitable business which the Company would operate directly or as a subsidiary corporation. Darcy Corporation had no operations except investment and business search activities.

Darcy Corporation
(A Development Stage Enterprise)
Quarter Ended September 30, 1991

Part II Other Information

Item 1 Legal Proceedings - None

Item 2 Changes in Securities - None

Item 3 Defaults Upon Senior Securities - None

Item 4 Submission of Matters to a Vote of Securities Holders - None

Item 5 Other Information - None other than already referred to in the instant 10-Q.

Item 6 Exhibits and Reports on Form 8-K - None

Darcy Corporation

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Darcy Corporation

Date: ____________________ By: ____________________

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United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the quarter ended
June 30, 1992

UTILX CORPORATION

Commission File Number 0-16821

Delaware (State of Incorporation)	91-1171716 (I.R.S. Identification Number)
22404 - 66th Avenue South Kent, Washington 98032-4801 (Address of Principal Executive Offices)	(206) 395-0200 (Telephone Number)

Securities registered pursuant to Section 12(b) or (g) of the Act:

Common Stock, .01 par value (Class of Security)	National Association of Securities Dealers (NASDAQ) (Exchange on Which Registered)

The registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and has been subject to such filing requirements for the past 90 days.

As of June 30, 1992, 6,794,711 shares of Common Stock were outstanding.

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Corporation
St. Petersburg, FL

The total number of pages in this Form 10-Q is 12.

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Part I - Financial Information
Item 1. Financial Statements

UTILX CORPORATION
CONSOLIDATED BALANCE SHEET

	(IN THOUSANDS) JUNE 30, 1992 (Unaudited)	MARCH 31, 1992
ASSETS		
Current assets:		
Cash	$ 1,377	$ 2,800
Short-term investments	10,919	10,298
Accounts receivable, trade	9,667	8,765
Materials, supplies and inventories	3,714	3,571
Income taxes receivable	282	282
Current portion of deferred income taxes	594	594
Prepaid expenses and other	915	413
Total current assets	27,468	26,723
Equipment and improvements, net	11,147	10,604
Other assets	2,323	2,399
Total assets	$40,938	$39,726
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,908	$ 1,879
Accrued liabilities	3,465	3,314
Capital lease obligations	1,371	1,371
Income taxes payable	371	442
Total current liabilities	8,115	7,006
Long-term liabilities:		
Capital lease obligations	757	1,163
Deferred income taxes	486	486
Total long-term liabilities	1,243	1,649
Stockholders' equity:		
Series B convertible preferred stock	1,107	1,107
Series C convertible preferred stock	470	470
Common Stock, $0.01 par value (authorized 25,000,000 shares)	68	69
Additional paid-in capital	14,575	15,076
Retained earnings	15,191	14,608
Cumulative foreign currency translation adjustment	169	(259)
Total stockholders' equity	31,580	31,071
Total liabilities and stockholders' equity	$40,938	$39,726
Common Stock issued and outstanding	6,794,711	6,874,281

(See Notes to Consolidated Financial Statements)

UTILX CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED
JUNE 30, 1992 AND 1991
(Unaudited)

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	1992	1991
Revenues	$12,680	$12,065
Cost of revenues	8,700	7,266
Gross profit	3,980	4,799
Operating expenses:		
Selling, general and administrative	1,695	1,669
Research and engineering	618	653
Royalties	766	640
Total operating expenses	3,079	2,962
Operating income	901	1,837
Other income (expense):		
Interest income	105	166
Other	(118)	27
Total	(13)	193
Income before income taxes	888	2,030
Income tax provision	304	739
Net income	$ 584	$ 1,291
Earnings per share (Note 2):		
Primary	$ .08	$ .17
Fully diluted	$ .08	$ .17
Weighted average number of shares (Note 2):		
Primary	7,375	7,610
Fully diluted	7,375	7,610

(See Notes to Consolidated Financial Statements)

UTILX CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED
JUNE 30, 1992 AND 1991
(Unaudited)

(IN THOUSANDS)	1992	1991
OPERATING ACTIVITIES:		
Net income	$ 584	$ 1,291
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,153	1,166
Changes in:		
Accounts receivable, trade	(792)	529
Materials, supplies and inventories	(87)	(88)
Prepaid expenses and other	(479)	(686)
Income taxes payable	(71)	222
Accounts payable	1,012	426
Accrued liabilities and other	154	(899)
Total adjustments	890	670
Net cash provided by operating activities	1,474	1,961
INVESTING ACTIVITIES:		
Cost of additions to equipment	(1,482)	(2,417)
Purchases of short-term investments	(10,530)	(20,419)
Sales of short-term investments	9,944	20,872
Net cash used in investing activities	(2,068)	(1,964)
FINANCING ACTIVITIES:		
Payments on long-term borrowings	(406)	(422)
Issuance of common stock	32	286
Repurchase of common stock	(534)	
Net cash used in financing activities	(908)	(136)
CUMULATIVE TRANSLATION ADJUSTMENT OF FOREIGN CURRENCY TRANSACTIONS	79	(116)
Net decrease in cash	(1,423)	(255)
CASH:		
Beginning of period	2,800	342
End of period	$ 1,377	$ 87

(See Notes to Consolidated Financial Statements)

UTILX CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. FINANCIAL STATEMENT PRESENTATION

In the opinion of management of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position and operating results for the three-month period ended June 30, 1992 and 1991. The statements should be read in conjunction with the March 31, 1992 audited consolidated financial statements included in the fiscal 1992 Annual Report on Form 10-K.

The Company classifies demand deposits, passbook savings accounts and over-night balances as cash. Other investments such as certificates of deposit, government/agency bonds, bankers' acceptances and commercial paper are classified as short-term investments.

2. EARNINGS PER SHARE

Earnings per share is computed by dividing net income by the weighted average number of shares of Common Stock of UTILX Corporation, $0.01 par value per share, ("Common Stock") and common stock equivalents outstanding during the period. Common stock equivalents include shares issuable upon conversion of the Company's convertible preferred stock and exercise of the Company's stock options and warrants.

3. SUPPLEMENTARY STATEMENT OF CASH FLOWS INFORMATION

Supplementary cash flow information for the three months ended June 30, 1992 and 1991 follows:

	(In thousands) 1992	1991
Cash paid for:		
Interest on capital leases (included in cost of revenues)	$ 50	$ 80
Income taxes	$ 374	$ 516

4. OTHER

Contingencies

As of June 30, 1992, the Company's consolidated financial statements reflect a net receivable of approximately $700,000 from FlowTex Technologie Import von Kabelverlegemaschinen GmbH ("FlowTex"), the Company's former licensee in Germany. In January 1992, the Company obtained an arbitration award directing that FlowTex pay the Company a total net award of approximately $2,600,000 and return 21 previously purchased FlowMole drilling systems. The Company is currently pursuing enforcement of the award in Germany. The Company cannot be certain that it will prevail in being able to enforce the award without significant additional costs and delays. Therefore, award amounts in excess of the net receivable have not been recorded. The Company believes that the outcome of the collection efforts will not have a material adverse impact on its results of operations or financial condition.

Reclassifications

Certain amounts in the fiscal 1992 financial statements have been reclassified to conform to the fiscal 1993 presentation with no impact on previously reported net income.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS FOR FIRST QUARTER OF FISCAL YEAR 1993 COMPARED TO FIRST QUARTER OF FISCAL YEAR 1992

Revenues

Consolidated revenues increased by 5% in the first quarter of fiscal 1993 compared to the same period in fiscal 1992.

United States and Canada Operations

For the first quarter of fiscal 1993, 74% of the Company's consolidated revenues were generated by FlowMole drilling system operations in the United States and Canada, compared to 93% for the same period in fiscal 1992. Revenues from FlowMole operations in the United States and Canada decreased by 16% in the first quarter of fiscal 1993 compared to the same period in fiscal 1992. Revenues from CableCure operations in the first quarter of fiscal 1993 were a significant portion of the Company's consolidated revenues. FlowMole and CableCure revenues are derived primarily from contracts with utility companies which provide for a specified price per foot of cable installed, plus certain additional charges.

A principal determinant of the Company's revenues in the United States and Canada is the number of FlowMole drilling systems in operation. The average number of FlowMole drilling systems in operation in the United States and Canada during the first quarter of fiscal 1993 was 42 compared to 45 in the same period of fiscal 1992. The number of FlowMole drilling systems in operation is the weighted average for the quarter, based on the number of days FlowMole drilling systems were in operation.

Weather and other seasonal factors, soil conditions and price competition can decrease average revenues per FlowMole drilling system in any given period and have done so in the past. The Company's revenues can also be adversely affected by economic conditions and the budgeting processes of its utility customers. Revenues per FlowMole drilling system in operation decreased 11% in the first quarter of fiscal 1993 compared to the same period in fiscal 1992 while the average revenue per foot for all work performed increased 2% in the first quarter of fiscal 1993 compared to the same period in fiscal 1992. The slight increase in average revenue per foot is a result of a change in the proportions of various types of drilling work and is not reflective of an increase in prices. The Company believes that prices, after adjusting for factors such as increased difficulty and diameter of work performed, have declined compared to the same period in fiscal 1992. The decreases in FlowMole sales volume and revenues per FlowMole drilling system are the result of current economic conditions, particularly in the eastern United States, a decrease in pricing caused by continued price competition associated with increased open competitive bidding and an increase in the number of competitors, and a decrease in telecommunications work.

Europe and Asia

The Company's European and Asian revenues are generated from royalty and lease payments, sales of FlowMole drilling systems, sales of spare parts, and direct service operations. Revenues from European and Asian operations more than doubled during the first quarter of fiscal 1993 compared to the same period in fiscal 1992 with the increase primarily attributable to the sale in Europe of two FlowMole drilling systems and related spare parts. In Europe, 13 systems were leased, licensed or in direct operation at the end of the first quarter of fiscal 1993 compared to 36 at the end of the same period in fiscal 1992. The decrease is primarily a result of the cancellation of the FlowTex agreement due to a legal dispute. See "Contingencies" under Note 4 of Notes to Consolidated Financial Statements included in Part I, Item I. Nippon FlowMole, Inc., a Japanese joint venture one-half owned by the Company, began its first full quarter of commercial operations in the first quarter of fiscal 1993.

Gross Profit

United States and Canada Operations

Gross profit from FlowMole operations, as a percentage of revenues, decreased to 31% for the first quarter of fiscal 1993 compared to 42% for the same period in fiscal 1992. The decrease was primarily due to decreases in volume, productivity and pricing. Also contributing to the decrease were unusually high insurance and casualty loss expenses. The Company has continued its cost reduction program from the third and fourth quarters of fiscal 1992 in an effort to offset the effect of price declines. In addition, results from CableCure operations were a material factor in the Company's gross profits in the first quarter of fiscal 1993.

Europe and Asia

Gross profit, as a percentage of revenues, for the Company's European and Asian operations increased significantly in the first quarter of fiscal 1993 compared to the same period in fiscal 1992 primarily as a result of higher margins on sales of FlowMole drilling equipment.

Operating Expenses

Selling, general and administrative expenses decreased to 13% of revenues in the first quarter of fiscal 1993 compared to 14% for the same period of fiscal 1992.

Research and engineering expenses remained at 5% of revenues for the first quarter of fiscal 1993 compared to the same period in fiscal 1992.

Other Income and Expense

Interest income for the first quarter of fiscal 1993 was $105,000 compared to $166,000 for the same period in fiscal 1992 primarily reflecting a decline in interest rates.

A net foreign currency transaction loss of $134,000 for the first quarter of fiscal 1993 is included in other income and expense reflecting fluctuations in the value of the United States dollar relative to the British Pound Sterling and other European currencies.

Taxes

The Company's estimated effective combined Federal, State and foreign income tax rate was 34% for the first quarter of fiscal 1993 compared to 36% for the same period of fiscal 1992 and 38% for fiscal 1992. European profits are not currently taxed due to the availability of a net operating loss for both financial statement and tax purposes for FlowMole Limited, the Company's wholly-owned subsidiary in the United Kingdom.

Net Income

As a result of the foregoing factors, consolidated net income decreased to $584,000 in the first quarter of fiscal 1993 compared to $1,291,000 for the same period in fiscal 1992.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 1992, the Company had unused sources of liquidity consisting of approximately $12,300,000 in cash, cash equivalents and short-term investments and $10,000,000 in unused and uncommitted bank lines compared with $13,100,000 in cash, cash equivalents and short-term investments and $10,000,000 in unused and uncommitted bank lines at March 31, 1992. The Company also expects to make additional capital expenditures of approximately $4,000,000 during the remainder of fiscal 1993. In addition, the Board of Directors has authorized the Company to repurchase up to 500,000 shares of the Company's Common Stock. See discussion under "Stock Repurchase Program" included in Part II, Item 5. The Company believes that the sources described above will be sufficient to meet its cash requirements through the remainder of fiscal 1993.

Part II - Other Information

Item 1. Legal Proceedings

See discussion of a legal dispute and arbitration with the Company's former German licensee contained in "Contingencies" under Note 4 of Notes to Consolidated Financial Statements included in Part I, Item 1.

Item 4. Submission of Matters to a Vote of Security Holders

On July 22, 1992, the Company held its 1992 Annual Meeting of Stockholders at which the stockholders elected Frank W. Griffith, John C. Martin and John R. Potter to the Company's Board of Directors for three year terms expiring in 1995. The stockholders also ratified and approved the appointment of the accounting firm of Coopers & Lybrand as the Company's auditors for fiscal year 1993.

Item 5. Other Information

FlowMole Partners Royalty Dispute

The Company is currently involved in a dispute with FlowMole Partners, a Research and Development Limited Partnership, a Washington Limited Partnership ("FlowMole Partners") to whom it pays a 6% royalty on revenues earned by the Company from the sale of services or equipment utilizing certain technology originally developed under a contract between the Company and FlowMole Partners. The Company has taken the position that revenues earned from the Company's newly developed Vector I drilling system are not subject to the 6% royalty. FlowMole Partners has demanded that the Company pay a 6% royalty on revenues earned by the Company from the use of the Vector I drilling system and has threatened to initiate legal action. To date, the amounts of such revenues are not material. The

Company is currently engaged in negotiations with FlowMole Partners regarding this matter, but is unable to predict the outcome or likely impact on the Company's future results of operations or financial condition.

Decrease in Board Membership

At its regular meeting held on July 22, 1992, the Board of Directors, in accordance with the Company's By-laws, decreased the number of directors from seven to six by the elimination of a vacant position created by a resignation during fiscal year 1992.

Stock Repurchase Program

In April 1992, the Board of Directors authorized a stock repurchase program for the repurchase from time to time in the open market, subject to certain conditions and limitations, of up to 500,000 shares of the Company's Common Stock. As of June 30, 1992, the Company had expended approximately $534,000 to repurchase 87,400 shares.

UTILX CORPORATION

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UTILX CORPORATION
(Registrant)

Date: August 12, 1992

By: /s/ John R. Potter
John R. Potter, President and Chief Executive Officer

Date: August 12, 1992

/s/ Charles A. Reilly
Charles A. Reilly, Senior Vice President/Corporate Operations, Treasurer and Chief Financial Officer

Date: August 12, 1992

/s/ David L. Lewis
David L. Lewis, Controller and Chief Accounting Officer

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

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(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the period ended ...June 30, 1992..

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from..........................to...............................

Commission file number 0-8641

SELECTIVE INSURANCE GROUP, INC.

(Exact name of Registrant as specified in its charter)

New Jersey (State of Incorporation)		22-2168890 (IRS Employer Identification No.)
Wantage Avenue, Branchville, New Jersey (Address of principal executive offices) of principal executive offices)	07890 (Zip Code)	201-948-3000 (Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate the number of shares outstanding of each of the Registrant's classes of common stock as of July 31, 1992.

Common stock par value $2 per share, 13,364,707

PART I

Item 1. Financial Statements

The Consolidated Statements of Income and Consolidated Balance Sheets required under this item are incorporated by reference to that portion of the Registrant's 1992 Second Quarter Report to Stockholders entitled "Consolidated Statements of Income" and "Consolidated Balance Sheets." The Consolidated Statements of Cash Flows and the notes to the consolidated financial statements required under this item are contained on pages 3 through 5 of this Report.

SELECTIVE INSURANCE GROUP, INC.
Consolidated Statements of Cash Flows
Six Months Ended June 30
(unaudited)

(in thousands)	1992	1991
Operating Activities		
Net income	$39,675	7,743
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect on prior years of changes in accounting principles, net of tax effect	(26,468)	-
Increases in reserves for losses and loss expenses	20,426	30,725
Increase in unearned premiums	7,511	15,288
Decrease in Federal income tax	(4,125)	(2,499)
Depreciation and amortization	2,566	2,328
Increase in premiums and other receivables	(10,074)	(14,368)
Increase in deferred policy acquisition costs	(3,200)	(4,200)
Increase in interest and dividends due or accrued	(357)	(300)
Increase in funds held under reinsurance treaties	3,675	6,702
Decrease in deferred service fee income	(595)	(1,615)
Net realized gains on investments	(318)	(1,533)
Increase in premium and payroll taxes payable	5,307	1,031
Other - net	(1,661)	(6,653)
Net adjustments	(7,313)	24,906
Net cash provided by operating activities	32,362	32,649
Investing Activities		
Purchase of fixed maturities	(41,244)	(124,391)
Purchase of equity securities	(12,214)	(1,998)
Purchase of other investments	(2,352)	(60)
Sale of fixed maturities	4,213	43,192
Maturities of fixed maturities	22,767	39,351
Sale of equity securities	5	4,598
Proceeds from other investments	509	137
Net additions to real estate, furniture and equipment	(1,015)	(2,845)
Net cash used in investing activities	(29,331)	(42,016)
Financing Activities		
Principal payments on notes payable	-	(325)
Dividends to stockholders	(7,183)	(6,840)
Acquisition of treasury stock	(180)	-
Increase in amount due banks	116	1,897
Net proceeds from dividend reinvestment plan	558	539
Net proceeds from employee and agent stock plans	663	534
Net cash used in financing activities	(6,026)	(4,195)
Net decrease in cash equivalents	(2,995)	(13,562)
Cash equivalents at beginning of year	19,595	34,522
Cash equivalents at end of period	$16,600	20,960
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	$ 633	658
Federal income tax	5,973	3,018
Supplemental schedule of non-cash financing activity:		
Conversion of convertible subordinated debentures	296	71

Notes to Consolidated Financial Statements

1. Federal Income Taxes

(a) In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Statement 109 requires a change from the deferred method of accounting for income taxes of APB Opinion 11 to the asset and liability method of accounting for income taxes. Under the asset and liability method of Statement 109, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases (temporary differences). Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Under Statement 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Effective January 1, 1992, the Company adopted Statement 109 and has reported the cumulative effect of that change in the method of accounting for income taxes ($20,330,000) in the first quarter of 1992 consolidated statements of income.

Pursuant to the deferred method under APB Opinion 11, which was applied in 1991 and prior years, deferred income taxes are recognized for income and expense items that are reported in different years for financial reporting purposes and income tax purposes using the tax rate applicable for the year of calculation. Under the deferred method, deferred taxes are not adjusted for subsequent changes in tax rates.

(b) A reconciliation of Federal income tax on pre-tax earnings at regular corporate rates to actual tax expense is as follows:

	Six months ended June 30	
	1992	1991
Computed "expected" tax rate	34.0%	34.0
Tax-exempt interest	(21.8)	(53.1)
Dividends received deduction	(1.9)	(3.9)
Salvage and subrogation fresh start deduction	-	(6.5)
Loss reserve fresh start deduction	-	(6.2)
Additional alternative minimum tax	-	37.0
Other	2.0	5.0
Effective tax rate	12.3%	6.3

(c) The tax effects of the significant temporary differences that give rise to the deferred tax liabilities and assets at June 30, 1992 are as follows:

(in thousands)

Deferred tax liabilities:	
Deferred policy acquisition costs	$22,270
Unrealized gains on equity securities	7,475
Accelerated depreciation	2,960
Other	4,016
Total deferred tax liabilities	36,721
Deferred tax assets:	
Loss reserve discounting	40,441
Unearned premiums	14,692
Accrual for insurance fund charges	2,965
Alternative minimum tax carryforward	1,694
Anticipated salvage & subrogation	1,246
Pension	1,159
Other	4,522
Total deferred tax assets	66,719
Net deferred tax asset	$29,998

2. Deferred Policy Acquisition Costs

Policy acquisition costs are directly related to the writing of an insurance policy and consist primarily of commissions, state premium taxes and assessments, labor costs and other direct underwriting expenses. These costs are deferred and amortized over the life of the policies as premiums are earned in order to facilitate a matching of revenues and expenses. The deferred policy acquisition costs prior to January 1, 1992, were limited to the sum of unearned premiums less anticipated losses and loss adjustment expenses, policyholder dividends and other expenses for maintenance of policies in force. In the first quarter of 1992, the method of deferring policy acquisition costs was changed to anticipate investment income in determining the recoverability of such deferred policy acquisition costs. The newly adopted accounting principle is preferable because the Company considers anticipated investment income in determining the price of its insurance policies. This change affected the 1992 line items as indicated in the table below.

($ in thousands, except per share data)	Decrease in Quarter ended 6/30/92			Increase in Six Months Ended 6/30/92		
		Per Share Data			Per Share Data	
	$ Change	Primary	Fully Diluted	$ Change	Primary	Fully Diluted
Income before cumulative effect of changes in accounting principles	$ (594)	(.04)	(.04)	132	.01	.01
Cumulative effect on prior years of changes in accounting principles, net of tax effect of $3,162	-	-	-	6,138	.46	.43
Net income	$ (594)	(.04)	(.04)	6,270	.47	.44

Item 2: Managements Discussion and Analysis of Financial Condition and Results of Operations

The following discussion relates to the Company's results of operations, financial condition and cash flows for the interim periods indicated. In the opinion of management, all adjustments necessary for a fair statement of the results of operations for the interim periods indicated have been made.

Results of Operations

Net premiums written for the six months and quarter ended June 30, 1992 rose 5% and 3%, respectively, over the same periods one year ago. Net premiums earned for the same periods rose 8% and 9%. Most of the growth occurred in personal lines, where net premiums written were up 11% for the six months and 8% for the quarter. Commercial lines growth for these periods was between 1% and 2%.

The rise in personal lines net premiums written occurred in New Jersey automobile, which increased $11.2 million for the six months and $4.9 million for the quarter ended June 30, 1992. These amounts include: (1) additional premiums generated from an increase in the number of policies written (approximately $7 million for the six months and $3.5 million for the quarter); and (2) additional premiums of approximately $4.3 million (six months) and $1.5 million (quarter) due to higher rates. The increase in the number of New Jersey automobile policies was primarily due to new policies issued by the Company to meet regulatory requirements.

The modest growth in commercial lines reflects the current economic conditions reducing premium levels in most lines of insurance. However, workers' compensation net premium written increased by $5.9 million, or 12%, for the six months and $1.7 million, or 8%, for the quarter ended June 30, 1992, essentially due to rate increases and lower reinsurance costs.

Net investment income continues to post favorable increases. For the six months it was up 8% and up 7% for the quarter, over the same periods one year ago. These increases were essentially due to the investment of additional cash generated from operating activities. Another factor increasing investment income was the shift in the mix of fixed maturity investments from tax-exempt to taxable, where higher pre-tax yields were available. The shift in the mix between tax-exempt and taxable fixed maturities reflects management's objective of maximizing after-tax yields on the Company's investment portfolio.

The ratio of losses and loss expenses incurred to net premiums earned (the loss and loss expense ratio) was 68.2% for the six months ended June 30, 1992, down from 72.8% for the same period one year ago. The improvement in the ratio reflects, in part, better claim experience in most commercial lines and personal automobile.

For the quarter, the loss and loss expense ratio declined to 69.0% from 70.2% in 1991. This reflects overall improvement in total commercial lines; however, workers' compensation generated additional losses.

The workers' compensation line continues to reflect the poor experience from the involuntary business assigned the Company by the National Workers' Compensation Reinsurance Pool (the "Pool"). The underwriting loss from the Pool for the six months was approximately $5.3 million in 1992 versus $9.0 million in 1991 and for the quarter was $2.9 million in 1992 compared with $1.3 million in 1991. In addition, the Company's voluntary business has experienced approximately 10 points of increase in the loss and loss expense ratio for both the six months and quarter ended June 30, 1992. Such increases were primarily due to: (1) higher medical costs; (2) increase in claim frequency; and (3) inadequate pricing due to regulatory pressures.

Policy acquisition costs increased for both the six months and quarter ended June 30, 1992 over the same periods one year ago by $10.1 million and $5.1 million, respectively. The increase for the six months and the quarter, in part, reflects the estimated assessment from the Market Transition Facility of New Jersey (the "MTF") of $4.0 million and $2.0 million, respectively. These amounts represent the Company's estimate of its apportioned share of the loss from the MTF. Another factor increasing the policy acquisition costs is the expenses (approximately $3.1 million for the six months and $1.1 million for the quarter) related to premium growth. These costs include commissions, as well as premium taxes and assessments.

The increase in other expenses for the six months and the quarter ended June 30, 1992, reflects the compensation costs associated with the stock appreciation rights in the Company's stock option plan. For the six months and quarter ended June 30, 1992, these compensation costs increased by $1.3 million.

During the first quarter of 1992, the Company adopted Financial Accounting Standards No. 109, Accounting for Income Taxes (FASB 109) as a cumulative effect adjustment (see note 1 to the second quarter consolidated financial statements for additional disclosures on Federal income taxes).

The Company's net income rose for the six months ended June 30, 1992 from $7.7 million to $39.7 million, and declined for the quarter from $6.8 million to $6.0 million over the same periods one year ago. The significant increase in net income for the six months reflects: (1) the cumulative effect adjustment of $26.5 million; (2) the $6.7 million improvement in the underwriting results; and (3) the higher net investment income of $2.7 million. These items were partially offset by increases in Federal income taxes and other expenses of $1.3 million and $1.4 million, respectively.

The decline in net income for the quarter was primarily due to the increase in other expenses of $1.3 million and the decline in net realized gains on investments of $.8 million, which was partially offset by lower Federal income taxes and growth in investment income.

The loss from underwriting operations (before Federal income tax) amounted to $19.0 million in 1992 compared with $25.7 in 1991 for the six months and $10.6 million in 1992 compared with $10.3 million in 1991 for the quarter.

Financial Condition, Liquidity and Capital Resources

Total assets increased $66.3 million, or 5%, from December 31, 1991. This growth was essentially due to: (1) increases in deferred Federal income taxes of $20.6 million and deferred policy acquisition costs of $12.5 million (mainly due to accounting changes adopted in the first quarter of 1992); (2) cash provided by operating activities of $32.4 million; and (3) the higher net premiums written reflected in premiums receivable.

The rise in total liabilities of $34.0 million from December 31, 1991, is mainly comprised of: (1) increases in reserves for losses and loss expenses of $20.4 million; (2) growth in the unearned premiums of $7.5 million; and (3) increase in funds held under reinsurance contracts of $3.7 million. The increase in unearned premiums is a reflection of the growth in net premiums written but not yet earned.

Part II OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit Number	
11	Statement Re Computation of Per Share Earnings
20	Selective Insurance Group, Inc. 1992 Second Quarter Report to Stockholders (with the exception of the information incorporated by reference into Part I of this Report, such Second Quarter Report is furnished for the information of the Securities and Exchange Commission and is not deemed "filed" as part of this Form 10-Q Report).

(b) There were no reports on Form 8-K filed during the quarter for which this Report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SELECTIVE INSURANCE GROUP, INC.
Registrant

Date August 7, 1992

Frederick H. Jarvis
Frederick H. Jarvis,
Chairman of the Board,
and Chief Executive Officer

Date August 7, 1992

Dominic J. Addesso
Dominic J. Addesso,
Executive Vice President and
Chief Financial Officer